



Jean Monnet
Centre of Excellence
JMCoE-USC



Co-funded by the
European Union

Golovataia Ludmila
Badarau Elena

EMPIRICAL ANALYSIS

AS A MEANS OF
UNDERSTANDING
EUROPEAN INTEGRATION
AND THE IDENTITY OF
THE EUROPEAN UNION

CHIȘINĂU • 2026



Jean Monnet
Centre of Excellence
JMCoE-USC



Co-funded by the
European Union

GOLOVATAIA Ludmila
BADARAU Elena

EMPIRICAL ANALYSIS

AS A MEANS OF UNDERSTANDING EUROPEAN INTEGRATION AND THE IDENTITY OF THE EUROPEAN UNION

Course notes were published with the support of the European Commission within the framework of the implementation of the educational project **Jean Monnet Centre of Excellence Project 101126909 - JMCoE-USC**

Approved for publication by the Department of Economic Sciences, Faculty of Economics, Engineering and Applied Sciences of the „Bogdan Petriceicu Hasdeu” State University of Cahul, pv. No. 6 of January 15, 2026.

Reviewers:

Alexandru CAUIA, Doctor of Law, University Professor

Irina TODOS, Doctor of Economic Sciences, Associate Professor

Course notes entitled “Empirical Analysis as a Means of Understanding European Integration and the Identity of the European Union” have been developed for students, master’s students, and all those interested in studying the process of European integration from an analytical and interdisciplinary perspective. The work aims to facilitate the understanding of the main dimensions of European integration through the use of empirical analysis methods, statistical data, official documents, and relevant examples from the evolution of the European Union. The material is structured in such a way as to provide both essential theoretical foundations and practical tools for analyzing European phenomena and processes. The course notes address issues related to the foundations of European integration, the institutional dynamics of the European Union, European policies, European identity, as well as the relationship between the citizen, the state, and the European space. Particular attention is given to the critical interpretation of sources, the comparison of indicators, and the understanding of how empirical analysis contributes to explaining political, economic, and social transformations within the European Union. Through its content, the work contributes to the development of skills in analysis, synthesis, data interpretation, and academic argumentation, which are necessary for the study of European integration and the identity of the European Union. The course notes may be used in the teaching process, in students’ independent work, as well as reference material for a deeper understanding of contemporary European issues.

**DESCRIEREA CIP A CAMEREI NAȚIONALE A CĂRȚII DIN REPUBLICA MOLDOVA
Golovataia, Ludmila.**

Empirical Analysis as a Means of Understanding European Integration and the Identity of the European Union / Golovataia Ludmila, Badarau Elena; Universitatea de Stat „B. P. Hasdeu” din Cahul, Jean Monnet Centre of Excellence JMCoE-USC. – Chișinău: Print-Caro, 2026. – 192 p.

Ref. bibliogr. la sfârșitul temelor. – With the support of the European Commission. – [100] ex.

ISBN 978-9975-88-137-1.

327:061.1EU+339.92(075.8)

G 68

The European Commission’s support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Printing executed at the “Print-Caro” Printing House, 170 Columna Street, Chișinău

© Ludmila Golovataia, Elena Badarau, 2026

TABLE OF CONTENTS

INTRODUCTION.....	8
LIST OF ABBREVIATIONS	11
TOPIC 1. HISTORY OF THE DEVELOPMENT AND FORMATION OF THE EUROPEAN UNION IDENTITY	12
1.1. The formation of European identity: historical and ideological premises	12
1.2. From the European Communities to the European Union: stages of integration and consolidation of common values.....	15
1.3. EU identity today: political, cultural and civic dimensions.....	17
TOPIC 2. EU ORGANIZATIONAL SYSTEM: INSTITUTIONAL APPROACH	22
2.1. The institutional framework of the European Union: structure, powers and operating principles.....	22
2.2. The role of decision-making institutions in the process of policy development and adoption Europeans	25
2.3. Interaction between EU institutions and Member States in the multilevel governance system.....	26
2.4. Evolution of the institutional balance and strengthening of the democratic dimension of the EU.....	28
TOPIC 3. THE LISBON TREATY AND THE IDEA OF A CONSTITUTION OF THE EUROPEAN UNION	34
3.1. The context of the drafting of the Treaty of Lisbon and the failure of the draft Constitution for Europe	35
3.2. Institutional and legal innovations introduced by the Treaty of Lisbon.....	36
3.3. The legal personality of the European Union and the strengthening of the democratic dimension	38
3.4. The impact of the Lisbon Treaty on the functioning of the EU and the prospects for European integration	40

TOPIC 4. FUNCTIONAL CHARACTERISTICS OF THE EU AND THE DECISION-MAKING SYSTEM	46
4.1. The functional nature of the UnionEuropean Union and the specifics of its governance	46
4.2. Distribution of powers and principles for their exercise	48
4.3. Decision-making procedures and the legitimacy of decision-making in the EU	50
TOPIC 5. ECONOMIC AND MONETARY INTEGRATION PROCESSES: MAIN STAGES AND CONTINUITY	56
5.1. Stages of European economic integration: from the common market to the internal market	56
5.2. Creation and development of the Economic and Monetary Union: mechanisms and institutions	58
5.3. EU economic governance and macroeconomic policy coordination	60
5.4. Continuity and challenges of economic and monetary integration in the current context	62
TOPIC 6. EU STRATEGY FOR SUSTAINABLE DEVELOPMENT: MAIN DIRECTIONS	68
6.1. The concept of sustainable development within the European Union and its evolutionstrategic framework	69
6.2. Main objectives and directions of the EU Sustainable Development Strategy	70
6.3. Integrating the economic, social and environmental dimensions into EU policies	72
6.4. Implementation mechanisms, monitoring and challenges of sustainable development in the EU	74
TOPIC 7. EU COMMON AGRICULTURAL POLICY AND IMPLEMENTATION PARAMETERS	79
7.1. Evolution and objectives of the European Union's Common Agricultural Policy	79
7.2. CAP instruments and operating mechanisms	81

7.3. CAP reform and the orientation towards rural development and sustainability	83
7.4. CAP implementation in Member States and current challenges	85
TOPIC 8. SOCIAL POLICY IN THE EU DEVELOPMENT	
STRATEGY	90
8.1. Evolution and objectives of the European Union's social policy ..	90
8.2. Instruments and mechanisms for implementing social policy at European level	92
8.3. The social dimension of the EU Development Strategy: employment, inclusion and social cohesion	93
8.4. Current challenges and prospects of the European social model	94
TOPIC 9 EU SCIENCE AND TECHNOLOGY POLICY:	
CONTINUITY OF DEVELOPMENT	99
9.1. Evolution of European Union policy in the field of science and technology	99
9.2. Institutional framework and funding programs for research and innovation	101
9.3. Integrating research and innovation into EU development strategies	102
9.4. Current challenges and prospects of the European Research and Innovation Area	103
TOPIC 10. EDUCATION AND CULTURE POLICY:	
CLASSIFICATION, BALANCE AND IMPLEMENTATION	
PARAMETERS	109
10.1. The evolution and conceptual framework of European Union policy in the field of education and culture	109
10.2. European instruments and programmes for education and culture: implementation mechanisms	111
10.3. The balance between EU and Member State competences and the impact on European identity	112

TOPIC 11. MAIN DIRECTIONS OF EU POLICY IN SOLVING ENVIRONMENTAL PROBLEMS: MAIN IMPLEMENTATION STAGES AND PARAMETERS	117
11.1. The evolution of the European Union's environmental policy and the regulatory framework	118
11.2. Fundamental principles of environmental policy and the integration of sustainable development into the action of the European Union	119
11.3. Instruments and mechanisms for implementing environmental policy at European level.....	121
11.4. Current challenges and the role of the European Green Deal in transforming the development model.....	123
 TOPIC 12. EU ENERGY POLICY: DEVELOPING STRATEGIES, FORMING THE ENERGY MARKET AND ENSURING ENERGY SECURITY OF MEMBER STATES.....	129
12.1. The evolution of the European Union's energy policy and the strategic framework	129
12.2. Formation of the internal energy market: liberalization, interconnectivity and regulation	131
12.3. Energy security of the European Union: diversification of sources, solidarity and resilience.....	131
12.4. Energy transition and the role of renewable sources in the context of the European Green Deal.....	133
 TOPIC 13. EU COMMON COMMERCIAL POLICY: PRINCIPLES AND IMPLEMENTATION STRATEGY	140
13.1. Fundamental principles of the European Union's common commercial policy.....	140
13.2. Institutional framework and mechanisms for developing trade policy	142
13.3. Trade policy instruments: trade agreements, trade defence measures and tariff policy	144
13.4. The external dimension of EU trade policy and its role in the global economy	146

TOPIC 14. THE INTERNATIONAL IMPORTANCE OF THE EURO CURRENCY AND THE EXPANSION OF ITS AREA OF USE.....	152
14.1. The evolution of the euro as an international currency and its position in the global monetary system.....	152
14.2. Economic and institutional factors determining the international use of the euro	154
14.3. Extension of the area of use of the euro: euro area countries, candidate countries and external uses	156
14.4. Challenges and prospects for strengthening the global role of the euro	158
 TOPIC 15. EASTERN PARTNERSHIP IN THE CONTEXT OF THE EU'S EUROPEAN NEIGHBOURHOOD POLICY.....	 164
15.1. The conceptual framework of the European Neighborhood Policy and the place of the Eastern Partnership	165
15.2. Objectives, principles and instruments of the Eastern Partnership	166
15.3. The political, economic and security dimension of cooperation with partner states	168
15.4. Challenges, results and perspectives of the Eastern Partnership in the geopolitical context current	170
 TOPIC 16. EU EXTERNAL REGIONAL POLICY. EUROPEAN INTERREGIONALISM.....	 176
16.1. The conceptual framework of the European Union's external regional policy and its evolution.....	177
16.2. European interregionalism: forms, mechanisms and actors involved.....	180
16.3. Instruments of interregional cooperation: agreement programs and dialogue platforms.....	185
16.4. The impact of interregionalism on global governance and the role of the EU as a global actor	187

INTRODUCTION

European integration represents one of the most complex and dynamic political, economic and social processes of the contemporary era, and its understanding requires not only theoretical approaches, but also empirical analysis tools capable of highlighting the real mechanisms of the functioning of the European Union. In this context, this manual, “Empirical Analysis as a Means of Understanding European Integration and the Identity of the European Union”, aims to provide a systematic perspective on the evolution, institutional structure, policies and identity dimension of the Union, by using empirical methods applied in European studies.

The topicality of the topic is determined by the profound transformations that the European Union is going through in the context of globalization, green and digital transition, geopolitical changes and the consolidation of its role as a global actor. At the same time, the European integration process generates new forms of multilevel governance, new mechanisms for policy coordination and new models of political and civic identity, which require an analysis based on data, indicators and comparative assessments. In this sense, the empirical approach allows to overcome purely normative interpretations and provides students and researchers with tools for the objective evaluation of European policies, their impact and the processes of institutional and socio-economic convergence.

The main aim of the textbook is to develop the capacity for empirical analysis of the phenomenon of European integration, to highlight the relationship between Union policies and the formation of European identity, and to provide a methodological framework for studying the European Union as a complex political and economic system. The work also aims to develop a critical understanding of the role of the Union in global governance and the interaction between the European, national and regional levels.

The manual is aimed at developing a set of general and specific skills relevant to the field of European studies and international relations. The skills developed include the ability to analyze statistical

data and European indicators, to evaluate the public policies of the Union, to interpret official documents and institutional reports, as well as to apply comparative methods in studying integration processes. On a professional level, the manual contributes to developing the skills of developing policy analyses, assessing the impact of European programs and using analytical tools in the decision-making process.

The learning outcomes aim to develop students' ability to explain the evolution of European integration based on empirical data, to identify the relationships between Union policies and socio-economic processes, to evaluate the role of European institutions and to analyze the identity dimension of the Union. Students will also be able to apply quantitative and qualitative methods in the study of the European Union, interpret indicators of economic and social convergence and formulate reasoned conclusions regarding the impact of European integration.

The methodology of the manual is based on an interdisciplinary approach, combining political science, economics and legal analysis with empirical methods, such as statistical analysis, comparative study, policy analysis and the use of European indicators. Official sources of European institutions, statistical databases and analytical reports are used, which allows the conclusions to be based on verifiable data. This approach contributes to the development of critical thinking and the formation of an analytical perspective on European processes.

The structure of the textbook reflects the logic of the evolution of European integration and covers the main dimensions of the European Union: the institutional framework, decision-making mechanisms, sectoral policies, economic and monetary integration, the social dimension, European identity and the role of the Union in the international system. Each topic includes theoretical components and practical applications, which allow for the consolidation of knowledge and the development of analytical skills.

The handbook is aimed at undergraduate and graduate students in European studies, international relations and economics, as well as researchers interested in the empirical analysis of the European

Union. At the same time, the work can be used as a teaching tool in university courses and professional training programs.

By integrating empirical analysis into the study of the European Union, the manual contributes to a deep understanding of integration processes, to assessing the impact of European policies and to highlighting the mechanisms of European identity formation. Thus, the work offers not only a theoretical synthesis, but also an analytical tool necessary for the training of specialists capable of interpreting and using data in the analysis of the European phenomenon.

LIST OF ABBREVIATIONS

EU – European Union
EC – European Communities
TEU – Treaty on European Union
TFEU – Treaty on the Functioning of the European Union
EP – European Parliament
EC – European Council
ECU – Council of the European Union
EC – European Commission
CJEU – Court of Justice of the European Union
EEAS – European External Action Service
ECB – European Central Bank
EMU – Economic and Monetary Union
Eurostat – Statistical Office of the European Union
CAP – Common Agricultural Policy
CP – Cohesion Policy
CCP – Common Commercial Policy
CFSP – Common Foreign and Security Policy
CSDP – Common Security and Defence Policy
ENP – European Neighborhood Policy
EaP – Eastern Partnership
SDGs – Sustainable Development Goals
ERA – European Research Area
WTO – World Trade Organization
ASEAN – Association of Southeast Asian Nations
MERCOSUR – Common Market of the South
AU – African Union

TOPIC 1 HISTORY OF THE DEVELOPMENT AND FORMATION OF THE EUROPEAN UNION IDENTITY

- 0.1. The formation of European identity: historical and ideological premises*
- 1.2. From the European Communities to the European Union: stages of integration and consolidation of common values*
- 1.3. EU identity today: political, cultural and civic dimensions*

The purpose of the topic

The purpose of the topic is to analyze the historical and conceptual process of forming the identity of the European Union, by highlighting the cultural, political and ideological premises of European integration, the evolution of common values and the relationship between European identity and national identities.

Learning outcomes:

At the end of studying the topic, students will be able to:

- explain the main historical stages of the formation of European identity,
- to identify the ideological foundations of the European project,
- to analyze the role of treaties in strengthening common values,
- to distinguish the relationship between European and national identity and
- to evaluate the importance of European identity in the context of contemporary integration.

1.1. The formation of European identity: historical and ideological premises

The formation of European identity is a long-term historical process, which cannot be reduced to the moment of the emergence of the European Communities after the Second World War, but must be understood as the result of the accumulation of common cultural,

political and intellectual experiences over several eras. The premises of this identity can still be found in Antiquity, in the space of Greco-Roman civilization, which provided Europe with a common conceptual heritage. Greek philosophy introduced the idea of reason as the foundation of the organization of political and social life, as well as the concepts of citizenship, civic participation and responsibility towards the community. At the same time, Roman law created a coherent legal model, based on the universality of the norm and the formal equality of citizens before the law, a model that profoundly influenced the evolution of European legal systems and subsequently favored normative convergence between states.

The Middle Ages contributed to the shaping of a relatively unitary cultural space through Christianity, which functioned as a factor of axiological and symbolic cohesion. Ecclesiastical institutions, the use of Latin as the language of culture and education, and the existence of medieval universities facilitated the circulation of ideas and the formation of a European intellectual elite. Even if this cultural unity was not doubled by a political unity, it created the premises for the emergence of a consciousness of belonging to a common civilizational community. At the same time, the diversity of kingdoms and political structures contributed to the development of distinct institutional traditions, which would form the basis of later European pluralism.

The Renaissance and, especially, the Enlightenment marked a decisive stage in the formation of European identity by affirming the values of rationalism, humanism and progress. The idea of natural rights, the separation of powers in the state, the sovereignty of the people and religious tolerance became an integral part of the European intellectual heritage. Enlightenment thinking contributed to the emergence of the concept of “Europe” as a space of political and economic modernity, characterized by representative institutions, the rule of law and civil liberties. At the same time, the development of modern nation-states generated a tension between the tendency to affirm national identities and the existence of a common fund of political values and practices, a tension that would remain a structural feature of the European project.

The 19th century and the first half of the 20th century were marked by the consolidation of nationalisms and intense geopolitical rivalries, which culminated in the two world wars. The experience of these conflicts played a decisive role in reconfiguring the perception of Europe, generating the conviction that peace and stability can only be ensured through institutionalized cooperation and by overcoming exclusively national logic. Federalist projects and ideas regarding a “United Europe”, formulated by thinkers and politicians such as Richard Coudenhove-Kalergi or Winston Churchill, created the intellectual framework for post-war European integration. Thus, European identity began to be associated not only with a common cultural heritage, but also with a political project oriented towards peace, solidarity and prosperity.

From an ideological point of view, the formation of European identity is closely linked to the affirmation of normative values that later became the foundation of the European Union. Representative democracy, the rule of law, respect for human rights and the social market economy were enshrined as defining principles of the European development model. These values were progressively institutionalized through the founding treaties of the European Communities and later through the Maastricht Treaty, the Amsterdam Treaty and the Lisbon Treaty, as well as through the Charter of Fundamental Rights of the European Union. In this sense, European identity has both a cultural-historical and a political-legal dimension, being the result of the interaction between traditions, institutions and common norms.

It is important to underline that the European identity is not built in opposition to national identities, but in a relationship of complementarity with them. Its plurivalent character reflects the linguistic, cultural and historical diversity of the Member States, but also the existence of a set of common values and objectives that transcend national borders. Therefore, the historical and ideological premises of the European identity must be analysed as a dynamic process, in which the common cultural heritage, shared historical experiences and the institutionalisation of democratic values have contributed to the formation of a political community based on solidarity, cooperation and respect for diversity.

1.2. From the European Communities to the European Union: stages of integration and consolidation of common values

The evolution from the European Communities to the European Union represents a gradual process of deepening and broadening integration, characterized by institutional, legal and axiological transformations that contributed to the consolidation of a common framework of values and policies. The starting point of this process is the creation of the European Coal and Steel Community in 1951, a project conceived not only as an economic mechanism for managing strategic resources, but also as an instrument for preventing conflicts through functional interdependence. This sectoral approach, inspired by the Community method, demonstrated that the transfer of limited powers to supranational institutions can generate mutual benefits and create a climate of trust between the participating states.

The Treaty of Rome of 1957 marked the transition to a higher stage of integration by establishing the European Economic Community and the European Atomic Energy Community. The main objective of the EEC was to create a common market based on the free movement of goods, services, capital and persons, as well as on the development of common policies, in particular in the fields of agriculture and trade. During this period, the fundamental principles of community law were outlined, such as direct effect and its supremacy over national law, principles that contributed to the consolidation of an autonomous legal order and the uniform application of rules in the Member States. Thus, economic integration was accompanied by legal and institutional integration, which created the premises for the emergence of a community of law.

The 1970s and 1980s were characterised by the enlargement of the European Communities and the deepening of political cooperation. The introduction of the European Monetary System and the creation of the European Council were important steps towards the coordination of economic policies and the affirmation of a political dimension to integration. The Single European Act of 1986 reinforced the objective of completing the internal market and extended Community competences in areas such as social policy, economic and

social cohesion and scientific research. At the same time, the value dimension of the European project was emphasised, by promoting cohesion, solidarity and convergence between less developed and advanced regions.

The transformation of the European Communities into the European Union was enshrined in the Maastricht Treaty of 1992, which introduced a complex institutional architecture based on three pillars and established citizenship of the Union. This concept was of major significance for the consolidation of European identity, as it conferred on citizens of the Member States additional rights, such as freedom of movement and residence, the right to vote and stand as a candidate in local and European elections in their state of residence, and the right to petition. The Economic and Monetary Union, completed by the introduction of the euro, represented another central element of integration, symbolising not only economic convergence but also a high level of solidarity and coordination between states.

Subsequent treaties, from Amsterdam and Nice to Lisbon, aimed to simplify the institutional structure, increase the efficiency of the decision-making process and strengthen the democratic dimension of the Union. The extension of the powers of the European Parliament, the introduction of the codecision procedure and the enshrinement of the Charter of Fundamental Rights contributed to strengthening democratic legitimacy and to affirming the Union as a community of values. In parallel, the enlargement policy allowed the inclusion of the states of Central and Eastern Europe, which involved not only the adoption of the Community *acquis*, but also the internalisation of the principles of the rule of law, the market economy and respect for fundamental rights.

Therefore, the evolution from the European Communities to the European Union cannot be interpreted exclusively as a process of economic integration, but must be understood as a profound transformation that led to the emergence of a political entity *sui generis*, based on a complex institutional system and a set of common values. The consolidation of these values was achieved both through legal and institutional mechanisms and through policies designed to promote cohesion, solidarity and convergence between Member

States, thus contributing to the shaping of a distinct European identity within the contemporary international order.

1.3. EU identity today: political, cultural and civic dimensions

In the contemporary stage, the identity of the European Union manifests itself as a multidimensional construction, in which political, cultural and civic elements are interconnected and mutually reinforcing. The political dimension of the EU identity is closely linked to its affirmation as a community of law and values, founded on the principles of representative democracy, the rule of law and respect for fundamental rights. The functioning of the European institutions, the mechanisms of judicial control exercised by the Court of Justice of the European Union and the role of the European Parliament in the legislative process contribute to the configuration of a common political culture, in which decision-making legitimacy is derived both from the will of the Member States and from the direct representation of citizens. In this sense, the political identity of the Union is not reduced to a simple institutional framework, but reflects the existence of an emerging European public space, in which debates on common policies, financial solidarity, the green transition or collective security acquire a transnational relevance.

The cultural dimension of European identity is based on the recognition and valorisation of the linguistic, historical and artistic diversity of the Member States, in parallel with the promotion of symbolic elements and programmes aimed at strengthening the sense of belonging to a common heritage. Initiatives such as academic mobility programmes, cross-border cultural projects and the protection of European cultural heritage contribute to the creation of shared experiences for citizens and the formation of a collective European memory. At the same time, the EU's cultural identity is defined by its capacity to integrate pluralism and interculturality, without imposing a uniform cultural model, which reflects its post-national and inclusive character. This approach allows for the coexistence of national, regional and European identities, generating a model of multiple belonging specific to the European space.

The civic dimension of the EU identity is expressed through the concept of European citizenship, which confers a set of rights and opportunities that go beyond the framework of the nation state. Freedom of movement and establishment, access to the labour market in other Member States, participation in elections to the European Parliament and the possibility of the European citizens' initiative are instruments through which citizens become direct actors in the integration process. At the same time, the development of policies aimed at social cohesion, consumer protection, gender equality and combating discrimination contribute to strengthening the social dimension of European citizenship. This is not limited to a formal legal status, but involves the formation of a European civic consciousness, based on participation, responsibility and solidarity between the different communities of the Union.

However, the EU identity is currently facing a series of challenges generated by economic crises, geopolitical tensions, growing Euroscepticism and debates on national sovereignty. These phenomena highlight the dynamic and contested nature of the European identity, which is constantly being redefined according to the internal and external developments of the Union. At the same time, common responses to challenges such as the pandemic, the digital transition or climate policies have demonstrated the EU's capacity to act as a community of solidarity, strengthening the sense of belonging to a common political project. Therefore, contemporary European identity is configured as a synthesis between institutions, values, social practices and common experiences, reflecting both the diversity and the unity of the European space.

? Questions for discussion and evaluation

1. What is meant by European identity and what are its constituent elements?
2. What are the main historical premises of the formation of European identity?
3. How did Greco-Roman heritage and Christianity influence European values?

4. What was the role of the Enlightenment in shaping the idea of a united Europe?
5. How did the two world wars contribute to the emergence of the European project?
6. What values underlie the identity of the European Union today?
7. How is European identity reflected in the EU treaties?
8. What is the relationship between European identity and national identities?
9. Can there be a European identity without a common political culture?
10. What are the current challenges in strengthening European identity?

Bibliographic sources

1. European Commission. Standard Eurobarometer 100: Public opinion in the European Union. Brussels: European Commission, 2024. Available at: <https://europa.eu/eurobarometer>
2. Dumitru, Ovidiu; Popescu, Luminița. The construction of European identity. Values, institutions, citizenship. Bucharest: University Publishing House, 2022.
3. Treaty on European Union (consolidated version). Official Journal of the European Union, C 202, 7 June 2016 (updated by current EU practices and policies). Available at: <https://eur-lex.europa.eu>

PRACTICAL APPLICATIONS

1. Test

1) Which concept was the basis of the idea of European unity in the post-war period?

- a) Economic nationalism
- b) European federalism
- c) Isolationism
- d) Protectionism

2) The Schuman Declaration was presented in the year:

- a) 1945
- b) 1950

- c) 1957
- d) 1965

3) The European Coal and Steel Community had as its main purpose:

- a) Creation of a monetary union
- b) Common control of coal and steel production
- c) Introduction of European citizenship
- d) Creation of the European Parliament

4) Which treaty established the European Economic Community?

- a) Treaty of Maastricht
- b) Treaty of Rome
- c) Treaty of Lisbon
- d) Treaty of Amsterdam

5) The concept of European citizenship was introduced by:

- a) the Single European Act
- b) the Maastricht Treaty
- c) the Treaty of Nice
- d) the Treaty of Rome

6) European identity is based on:

- a) Cultural uniformity
- b) Cultural diversity and common values
- c) Economic supremacy
- d) Political isolation

7) The Bologna Process is related to:

- a) Agricultural Policy
- b) European Higher Education Area
- c) Environmental Policy
- d) Internal Market

8) The fundamental values of the EU are defined in:

- a) The Treaty of Rome
- b) Article 2 of the EU Treaty
- c) The Schuman Declaration
- d) Single European Act

9) The motto of the European Union is:

- a) "Unity through strength"
- b) "Unity in diversity"
- c) "Federal Europe"
- d) "Economic solidarity"

10) Contemporary European identity includes:

- a) Only the economic dimension
- b) Political, cultural and civic dimensions
- c) Only the military dimension
- d) Only the internal market

 2. Case study

A student from one Member State participates in the Erasmus programme in another European country and says he feels "more European" than before.

Tasks:

1. Analyze which elements of European identity are strengthened through academic mobility.
2. Explain the role of European citizenship in the formation of common identity.
3. Identify the cultural, educational and political factors that contribute to the development of a sense of European belonging.
4. Propose indicators by which European identity among young people can be measured.

 3. Logic exercise (chronology)

Arrange the following stages of European integration in chronological order:

- A. Treaty of Lisbon
- B. Schuman Declaration
- C. Treaty of Maastricht
- D. Treaty of Rome
- E. Creation of the ECSC

TOPIC 2

EU ORGANIZATIONAL SYSTEM: INSTITUTIONAL APPROACH

- 2.1. *The institutional framework of the European Union: structure, powers and operating principles*
- 2.2. *The role of decision-making institutions in the process of developing and adopting European policies*
- 2.3. *Interaction between EU institutions and Member States in the multilevel governance system*
- 2.4. *Evolution of the institutional balance and strengthening of the democratic dimension of the EU*

The purpose of the topic

The purpose of the topic is to analyze the institutional framework of the European Union and decision-making mechanisms, by highlighting the role of institutions, the principles of operation and the interaction between the European and national levels in the multilevel governance system.

Learning outcomes

At the end of studying the topic, students will be able to:

- describe the structure and main powers of the European Union institutions; explain the procedures for developing and adopting European policies;
- to analyze the role of member states in the EU decision-making process;
- to apply the concepts of subsidiarity, proportionality and institutional balance in the analysis of European governance;
- to assess the evolution of the democratic dimension of the European Union.

2.1. The institutional framework of the European Union: structure, powers and operating principles

The institutional framework of the European Union represents the organizational and functional foundation of the integration pro-

cess, designed to ensure a balance between the interests of the Member States, the general interest of the Union and the representation of European citizens. The institutional structure is defined by the founding treaties and includes a complex system of institutions, bodies and agencies that exercise distinct but interdependent powers within a specific decision-making mechanism based on cooperation and mutual control. The main institutions are the European Parliament, the Council of the European Union, the European Commission, the European Council, the Court of Justice of the European Union, the European Central Bank and the Court of Auditors, each with a well-defined role in the process of European governance.

The European Parliament ensures the direct representation of citizens and exercises legislative, budgetary and political control functions. Together with the Council of the European Union, it participates in the adoption of legislation through the ordinary legislative procedure, which reflects the principle of codecision and contributes to strengthening the democratic legitimacy of the Union. The Council of the European Union represents the governments of the Member States and plays a central role in the decision-making process, in particular in areas relating to the coordination of economic policies, common foreign and security policy or cooperation in the field of justice and home affairs. The European Council, made up of the Heads of State or Government, establishes the general political guidelines and strategic priorities of the Union, without exercising legislative functions, but having a major influence on the direction of development of the European project.

The European Commission is the institution representing the general interest of the Union and has the monopoly of legislative initiative in most areas. It oversees the application of EU law, manages common programmes and policies and ensures compliance with the Treaties, acting as the 'guardian of the Treaties'. The Court of Justice of the European Union guarantees the uniform interpretation and application of European law, contributing to the consolidation of the Union's legal order and to the affirmation of the principles of direct effect and the primacy of EU law. The European Central Bank is responsible for monetary policy in the euro area and for maintaining

price stability, being an essential element of the Economic and Monetary Union. The Court of Auditors exercises control over the Union's financial management, ensuring the correct and efficient use of budgetary resources.

The functioning of the institutional framework is based on a number of fundamental principles, including the principle of conferral, according to which the Union acts only in areas where the Member States have conferred competences on it in the Treaties. This principle is complemented by subsidiarity and proportionality, which limit Union intervention to situations where objectives cannot be achieved effectively at national level and require that European action does not go beyond what is necessary to achieve the set goals. Another essential principle is institutional balance, which requires the distribution of powers between the institutions in such a way that none of them concentrates decision-making power, thus guaranteeing a system of mutual control and cooperation.

The EU institutional framework also reflects the specifics of multilevel governance, in which the supranational level interacts with the national and regional levels. The implementation of European policies involves both the Union institutions and the Member States' authorities, which leads to a model of shared management. In this context, European agencies and advisory committees, such as the European Economic and Social Committee and the Committee of the Regions, contribute to the integration of economic, social and regional stakeholders in the decision-making process.

The institutional framework of the European Union is therefore not just an administrative structure, but a complex system of governance combining supranational and intergovernmental elements. It ensures the coherent functioning of the Union, the adoption and implementation of common policies, and the maintenance of a balance between decision-making efficiency, democratic legitimacy and respect for the sovereignty of the Member States.

2.2. The role of decision-making institutions in the process of policy development and adoption Europeans

The role of decision-making institutions in the process of developing and adopting European policies reflects the specifics of the Union's governance system, characterized by a complex mechanism of cooperation between supranational institutions and representatives of the Member States. The decision-making process takes place within an institutional architecture that seeks to ensure the balance between the general interest of the Union, expressed mainly by the European Commission, the interests of the Member States, represented in the Council of the European Union and the European Council, and the democratic legitimacy conferred by the European Parliament.

The legislative initiative belongs, in most areas, to the European Commission, which draws up proposals for legislative acts on the basis of consultations with stakeholders, impact assessments and technical analyses. This role gives the Commission a central position in defining the political agenda and formulating the Union's strategic objectives. The Commission's proposals are then examined by the European Parliament and the Council of the European Union under the ordinary legislative procedure, which is the main mechanism for adopting European legislation. This procedure involves two successive readings and, in the event of divergences, the convening of a conciliation committee, reflecting the negotiated nature of European decisions and the need to achieve consensus between the institutions.

The European Parliament plays a key role in ensuring the democratic dimension of the decision-making process, exercising legislative and budgetary functions and having the power to scrutinise the work of the Commission. By proposing amendments and voting on legislative acts, Parliament helps to shape European policies in the interests of citizens. The Council of the European Union, for its part, represents the governments of the Member States and participates in the adoption of legislation, voting by qualified majority or, in certain sensitive areas, unanimously. This intergovernmental dimension ensures the integration of national interests into the European decision-making process.

The European Council has a strategic role, setting the general political guidelines and priorities of the Union, without adopting legislative acts. However, its decisions influence the direction of the legislative process and the definition of major European policies, such as the green transition, digitalisation or security policy. At the same time, the Court of Justice of the European Union intervenes indirectly in the decision-making process by interpreting European law and by reviewing the legality of adopted acts, helping to ensure the coherence and uniformity of the application of the rules.

The European policy-making process is characterised by extensive consultation of economic and social stakeholders, through the European Economic and Social Committee and the Committee of the Regions, as well as the involvement of specialised agencies and national experts. This participatory dimension reflects the multilevel governance model and contributes to increasing the legitimacy and effectiveness of the policies adopted. In addition, trilogue mechanisms, which involve informal negotiations between Parliament, the Council and the Commission, have become a frequent tool for speeding up the adoption of legislation and facilitating institutional compromises.

The European Union's decision-making process is therefore based on the interaction between institutions with complementary competences, on negotiations and on the search for consensus, reflecting its hybrid nature between the supranational and intergovernmental models. This mechanism allows the development of common policies in various areas, while maintaining the balance between decision-making efficiency, democratic representation and respect for the diversity of Member States' interests.

2.3. Interaction between EU institutions and Member States in the multilevel governance system

The interaction between the European Union institutions and the Member States is carried out within a multilevel governance system, which involves the distribution of powers and responsibilities between the supranational, national and, in certain cases, regional and local levels. This model reflects the specific nature of the Union,

which is neither a classical federation nor a traditional international organisation, but a *sui generis* political construction, based on the joint exercise of powers and permanent cooperation between the different levels of government.

The principle of loyal cooperation, enshrined in the Treaties, is the foundation of the relationship between the European institutions and the Member States. According to it, the States are obliged to adopt all necessary measures to ensure the application and compliance with Union law, and the European institutions must take into account the national identity and constitutional structures of the States. The implementation of European policies is largely carried out through national administrations, which gives the States an essential role in the transposition of directives, the application of regulations and the management of European funds. Thus, the decision-making process does not end at the level of the EU institutions, but continues within the administrative and legal systems of the Member States.

In areas such as cohesion policy, the common agricultural policy or the management of structural funds, cooperation between the European Commission and national authorities is carried out through shared management mechanisms. States draw up operational programmes, set investment priorities and ensure control of the use of funds, while the Commission monitors compliance with the Union's strategic objectives and financial rules. This model allows European policies to be adapted to national and regional specificities, while maintaining coherence at Union level.

Member States' participation in the European decision-making process is ensured directly through the Council of the European Union and the European Council, where government representatives contribute to the drafting and adoption of legislation and the definition of political guidelines. At the same time, national parliaments have acquired a more active role after the Lisbon Treaty, through the subsidiarity control mechanism, which allows them to issue reasoned opinions when they consider that a European legislative proposal exceeds the Union's competences. This involvement strengthens the democratic dimension of multilevel governance and brings decision-making closer to citizens.

At regional and local level, the Committee of the Regions offers sub-national authorities the opportunity to participate in the consultative process, reflecting the importance of the territorial dimension in the implementation of European policies. Numerous cooperation networks, dialogue platforms and public-private partnerships also contribute to the integration of economic and social actors into European governance. In this context, EU policies are the result of a process of negotiation and coordination between multiple institutional levels, which allows them to be adapted to the diverse realities of the Member States.

Multilevel governance also involves monitoring and evaluation mechanisms, through which the European Commission verifies compliance with the obligations assumed by the states, including through infringement procedures when Union law is not properly applied. At the same time, the states participate in policy development through comitology and through the Council working groups, where national experts contribute to defining technical standards and detailing legislative acts.

Therefore, the interaction between the EU institutions and the Member States is characterised by a continuous process of cooperation, coordination and negotiation, in which competences are exercised at the most appropriate level, in accordance with the principles of subsidiarity and proportionality. This multilevel governance model allows for the combination of decision-making unity with the institutional and administrative diversity of the Member States, ensuring the efficient implementation of European policies and strengthening cohesion within the Union.

2.4. Evolution of the institutional balance and strengthening of the democratic dimension of the EU

The evolution of the institutional balance of the European Union reflects the gradual transformation of the governance system from a predominantly technocratic and intergovernmental model to one characterised by greater democratic legitimacy and decision-making

transparency. In the early stages of European integration, the dominant role was exercised by the Council and the Commission, while the European Parliament had limited, mainly consultative, powers. This configuration corresponded to the initial objectives of the European Communities, which were mainly oriented towards economic integration and the sectoral management of common policies. However, as Community competences expanded and began to influence increasingly wider areas of economic and social life, it became necessary to strengthen the democratic dimension of the decision-making process.

A key moment in this development was the introduction of direct elections to the European Parliament in 1979, which gave the institution direct democratic legitimacy and paved the way for the gradual extension of its powers. The Single European Act introduced the cooperation procedure, and the Maastricht Treaty established the codecision procedure, making Parliament a co-legislator alongside the Council. The subsequent Treaties of Amsterdam, Nice and Lisbon extended the areas in which the ordinary legislative procedure applies and strengthened Parliament's role in the budgetary process and in political control over the Commission, including through the approval of the College of Commissioners.

The democratic dimension has also been strengthened by increasing the transparency of the decision-making process, by public access to the institutions' documents and by developing mechanisms for consulting civil society. The European Citizens' Initiative, introduced by the Treaty of Lisbon, is an innovative instrument that allows citizens to request the Commission to submit a legislative proposal, contributing to bringing decision-making closer to the level of society. The role of national parliaments has also been strengthened through the subsidiarity control mechanism, which has allowed the integration of the national democratic dimension into European governance.

Institutional balance implies the distribution of powers between the institutions in such a way that each one exercises its powers within the limits set by the Treaties, without substituting the others. The Court of Justice of the European Union plays an essential role in maintaining this balance, through its case law which guarantees

respect for institutional procedures and powers. At the same time, the European Council has acquired increased importance in defining strategic guidelines, especially in the context of economic, financial and geopolitical crises, which has led to a temporary emphasis on the intergovernmental dimension. However, parliamentary and judicial control mechanisms have contributed to maintaining a balance between the supranational level and that of the Member States.

The democratic dimension of the Union is also closely linked to the development of the concept of European citizenship, the strengthening of fundamental rights through the Charter of Fundamental Rights and the promotion of the rule of law principles within the framework of mechanisms for monitoring compliance with EU values. In this context, the procedures for conditionality linked to the rule of law and the mechanisms for assessing democracy in the Member States reflect the Union's attempt to link political integration with respect for democratic standards.

Therefore, the evolution of the institutional balance and the strengthening of the democratic dimension of the EU is a continuous process, driven by the expansion of the Union's competences, the need for legitimacy and the adaptation to internal and external challenges. The European institutional system has gradually become more open, more participatory and more accountable, while maintaining its multilevel governance specificity and the balance between the interests of citizens, Member States and the Union as a whole.

? Questions for discussion and evaluation

1. What are the main institutions of the European Union and what powers do they have?
2. How is the institutional balance achieved between the European Parliament, the Council and the Commission?
3. What is the ordinary legislative procedure and why is it considered essential for the EU's democratic legitimacy?
4. What is the role of the European Council in defining the strategic directions of the Union?
5. How does the Court of Justice of the European Union contribute to the functioning of the institutional system?

6. What does the principle of subsidiarity entail and how is it applied in the decision-making process?
7. How do member states participate in the development and implementation of European policies?
8. What is the role of national parliaments in the multilevel governance system?
9. How has the role of the European Parliament evolved in strengthening the democratic dimension of the EU?
10. What are the main challenges of multilevel governance in the European Union?



Bibliographic sources

1. Craig, Paul; de Búrca, Gráinne. EU Law: Text, Cases, and Materials. Oxford: Oxford University Press, 2020.
2. Fabbrini, Federico. The Law and Politics of the European Union. Oxford: Oxford University Press, 2022.
3. Treaty on European Union and Treaty on the Functioning of the European Union (consolidated versions). Official Journal of the European Union, 2016, updated. Available on EUR-Lex: <https://eur-lex.europa.eu>

PRACTICAL APPLICATIONS



1. Test

- 1) Which institution represents the interests of EU citizens?**
 - a) Council of the EU
 - b) European Commission
 - c) European Parliament
 - d) Court of Justice
- 2) The European Commission has the main role of:**
 - a) Adoption of the budget
 - b) Legislative initiative
 - c) Representation of the Member States
 - d) Judicial control

3) The Council of the European Union represents:

- a) EU citizens
- b) Regions
- c) Member State governments
- d) National courts

4) Which institution ensures compliance with EU law?

- a) European Parliament
- b) Court of Justice of the EU
- c) European Central Bank
- d) European Council

5) The European Council has the role of:

- a) Adoption of legislation
- b) Establishment of general political guidelines
- c) Budgetary control
- d) Legislative initiative

6) The ordinary legislative procedure involves:

- a) Commission only
- b) EU Parliament and Council
- c) Court of Justice
- d) Central Bank

7) The European Central Bank is responsible for:

- a) Agricultural policy
- b) Eurozone monetary policy
- c) Trade policy
- d) Environmental policy

8) The principle of subsidiarity means that:

- a) The EU decides in all areas
- b) Decisions are taken at the level closest to the citizen
- c) Member States have no competence
- d) Parliament decides alone

9) The Committee of the Regions represents:

- a) National governments
- b) Local and regional authorities

- c) European Parliament
- d) Private sector

10) Institutional balance in the EU implies:

- a) Dominance of one institution
- b) Separation and cooperation of institutions
- c) Elimination of the Council
- d) Supremacy of Parliament

 2. Case study (problem)

The European Commission proposes a directive on reducing industrial emissions. The European Parliament proposes amendments, and the Council of the EU has a different position.

Tasks:

1. Describe the stages of the ordinary legislative procedure in this case.
2. Explain the role of each institution in the decision-making process.
3. Analyse how the institutional balance is achieved between Parliament, Council and Commission.
4. Indicate what happens if Parliament and Council do not reach an agreement.

 3. Logic exercise (institution - function correlation)

Match the EU institution with the corresponding function:

Institutions:

European Commission
European Parliament
Council of the European Union
Court of Justice of the EU
European Central Bank

Functions:

- A. Control of legality and interpretation of EU law.
- B. Legislative initiative and European executive
- C. Representation of citizens and co-legislation
- D. Representation of Member States and co-legislation
- E. Monetary policy of the euro area

TOPIC 3 THE LISBON TREATY AND THE IDEA OF A CONSTITUTION OF THE EUROPEAN UNION

- 3.1. *The context of the drafting of the Lisbon Treaty and the failure of the draft Constitution for Europe*
- 3.2. *Institutional and legal innovations introduced by the Treaty of Lisbon*
- 3.3. *The legal personality of the European Union and the strengthening of the democratic dimension*
- 3.4. *The impact of the Lisbon Treaty on the functioning of the EU and the prospects for European integration*

The purpose of the topic

The purpose of the topic is to analyze the Treaty of Lisbon as an essential stage in the institutional and legal evolution of the European Union, by highlighting its relationship with the draft European Constitution, the main innovations introduced and the impact on the functioning and democratization of the EU.

Learning outcomes

At the end of studying the topic, students will be able to:

- explain the context of the emergence of the Lisbon Treaty and the causes of the failure of the Constitution for Europe;
- identify the main institutional and legal reforms introduced by the Treaty;
- to analyze the concept of legal personality of the European Union and the extension of its competences;
- to assess the contribution of the Lisbon Treaty to strengthening the democratic dimension and the role of the European Parliament;
- to assess the impact of the treaty on the European integration process and on EU governance.

3.1. The context of the drafting of the Treaty of Lisbon and the failure of the draft Constitution for Europe

The context of the drafting of the Treaty of Lisbon is closely linked to the need to reform the institutional framework of the European Union following the major enlargements of 2004 and 2007, when the number of Member States increased significantly, generating difficulties in the functioning of the existing decision-making mechanisms. The system established by the Treaty of Nice proved insufficient for an enlarged Union, in particular from the perspective of the efficiency of procedures, institutional representation and coherence of external action. In this context, European leaders initiated a broad process of reflection on the future of European construction, which culminated in the convening of the Convention on the Future of Europe (2002–2003). This Convention, made up of representatives of governments, national parliaments, the European Parliament and the Commission, had as its objective the drafting of a constitutional treaty that would simplify the existing treaties, clarify competences and bring the Union closer to its citizens.

The draft Constitution for Europe was signed in 2004 and aimed to create a single legal framework, replacing the previous treaties, to strengthen the legal personality of the Union and to introduce symbolic and institutional elements specific to a constitutional system, such as unified titles for legislative acts, an EU Minister for Foreign Affairs and a more coherent structure of powers. However, the ratification process was blocked following referendums in France and the Netherlands in 2005, where a majority of voters voted against the treaty. The reasons for the rejection were diverse and included fears of loss of national sovereignty, a perception of a democratic deficit, socio-economic concerns about globalisation and enlargement, and a lack of effective communication on the content and benefits of the treaty.

The failure of the Constitution for Europe generated a period of reflection on the direction of European integration and highlighted the need for a more pragmatic and less symbolic approach to the process of institutional reform. Member States agreed to maintain

the main functional innovations of the constitutional project, but in a different legal form, which would avoid explicit constitutional connotations and facilitate ratification. Thus, the Treaty of Lisbon, signed in 2007 and entered into force in 2009, took over a large part of the constitutional content, but integrated it into the structure of the existing treaties, by amending the Treaty on European Union and the Treaty on the Functioning of the European Union.

The process of drafting the Treaty of Lisbon was characterised by intense intergovernmental negotiations, aimed at ensuring a compromise between the need for institutional reform and the political sensitivities of the Member States. In contrast to the constitutional approach, the new treaty avoided state symbols and constitutional terminology, while maintaining the objectives of increasing decision-making efficiency, strengthening the coherence of external action and strengthening the role of the European Parliament and national parliaments. At the same time, the distinction between the different levels of competences was maintained and a clearer mechanism for their delimitation was introduced.

The Treaty of Lisbon represents the result of a process of institutional adaptation to the realities of an enlarged and diversified Union, being conceived as a compromise solution that would allow for the continuation of integration without relaunching the constitutional debate in its original form. The context of its emergence reflects the tension between the deepening of integration and the need to maintain political legitimacy in the Member States, as well as the shift from a symbolic vision of European construction to a pragmatic one, oriented towards functionality and efficiency.

3.2. Institutional and legal innovations introduced by the Treaty of Lisbon

The Treaty of Lisbon introduced a wide range of institutional and legal innovations designed to enhance the coherence, efficiency and legitimacy of the European Union's action in a context marked by enlargement and diversification of its areas of competence. One of

the most important changes was the conferral of a single legal personality on the European Union, which allowed it to conclude international agreements and join international organisations in its own name, thus strengthening its capacity to act externally. This change helped to overcome the pillar structure and to integrate the different policy areas into a more coherent institutional framework.

At the institutional level, the Treaty created the position of President of the European Council with a stable mandate, replacing the six-monthly rotation system and ensuring greater continuity in defining the Union's strategic priorities. It also established the position of High Representative of the Union for Foreign Affairs and Security Policy, who combines previously separate tasks and coordinates the European External Action Service, contributing to strengthening the EU's external dimension and increasing its international visibility.

The Treaty of Lisbon significantly expanded the role of the European Parliament, generalising the ordinary legislative procedure and strengthening its budgetary and political control functions. The Parliament became a co-legislator on an equal footing with the Council in most areas, which strengthened the democratic dimension of the decision-making process. At the same time, national parliaments acquired a more active role through the mechanism for monitoring compliance with the subsidiarity principle, with the possibility of issuing reasoned opinions on draft European legislation.

From a legal point of view, the Treaty clarified the delimitation of competences between the Union and the Member States, introducing their classification into exclusive, shared and supporting competences. This systematisation contributed to a better understanding of the areas in which the Union can act and to the consolidation of the principles of subsidiarity and proportionality. At the same time, the Charter of Fundamental Rights acquired binding legal force, becoming an essential benchmark for the protection of rights and for the judicial review of European acts.

In the area of decision-making, the Treaty of Lisbon extended the use of qualified majority voting in the Council, reducing the number of areas subject to unanimity and facilitating the adoption of legislation. The introduction of the double majority system, based on the

number of states and the share of population, reflected the need to balance the representation of large and small states. At the same time, the European Citizens' Initiative was established, which allows a significant number of citizens to ask the Commission to submit a legislative proposal, strengthening democratic participation at Union level.

The Treaty also brought innovations in areas such as the area of freedom, security and justice, by extending the Union's competences and by communitising previously intergovernmental policies. In addition, it introduced a solidarity clause and a mutual assistance clause in the event of threats to the security of the Member States, contributing to the development of the Union's security dimension.

The Treaty of Lisbon has strengthened institutional coherence, increased the efficiency of the decision-making process and strengthened the democratic legitimacy of the European Union. Its legal and institutional innovations have created the premises for a more efficient functioning of the Union in a context characterised by political complexity and the need for joint action in increasingly diverse areas.

3.3. The legal personality of the European Union and the strengthening of the democratic dimension

The conferral of legal personality on the European Union is one of the most significant changes introduced by the Treaty of Lisbon, as it has enabled the Union to act as a distinct subject of international law. This development has eliminated the previous fragmentation between the European Community and intergovernmental structures and has created a single framework for external representation, for the conclusion of international agreements and for participation in international organisations. By acquiring legal personality, the Union has become able to assume rights and obligations autonomously, to negotiate treaties in areas such as trade, the environment, transport or cooperation in matters of justice and home affairs, and to be party to international legal proceedings. This change has strengthened the

coherence of external action and reduced the institutional overlaps that previously existed.

The legal personality of the Union is closely linked to the clearer delimitation of competences and the integration of different policies into a common regulatory framework. In this respect, the Union acts within the limits of the competences conferred by the Member States, but has legal instruments at its disposal which enable it to adopt directly applicable acts and to establish obligations for States and citizens. The case-law of the Court of Justice of the European Union has strengthened this dimension by reaffirming the autonomy of the Union's legal order and by guaranteeing the uniform application of European law.

The strengthening of the democratic dimension of the Union has been achieved through a set of institutional and procedural mechanisms that enhance the participation of citizens and their representatives in the decision-making process. The extension of the powers of the European Parliament and the generalisation of the ordinary legislative procedure have transformed this institution into a central actor in the legislative process, reflecting the principle of representative democracy at supranational level. At the same time, the Treaty has enshrined the role of national parliaments in the control of subsidiarity, which has allowed the integration of the national democratic dimension into the European decision-making architecture.

Another important element is the introduction of the European Citizens' Initiative, which gives citizens the opportunity to influence the legislative agenda by requesting the Commission to submit legislative proposals in a specific area. Although this instrument does not confer direct legislative power, it contributes to the development of a European public sphere and to increasing the accountability of the institutions towards citizens. At the same time, the Treaty strengthened the principles of transparency and access to documents, facilitating public scrutiny of the institutions' activities.

The Charter of Fundamental Rights, which has become legally binding, is an essential pillar of the democratic dimension, establishing a common standard of protection of rights and freedoms within the Union. It serves as a benchmark for law-making and judicial

review, contributing to strengthening the rule of law and protecting citizens in relation to the European institutions and the Member States when they apply EU law.

The legal personality of the European Union and the strengthening of its democratic dimension are interdependent processes, which have transformed the Union into a more coherent, transparent and accountable legal and political actor towards its citizens. These developments have strengthened the legitimacy of the European project and created the premises for a more active participation of society in the integration process.

3.4. The impact of the Lisbon Treaty on the functioning of the EU and the prospects for European integration

The impact of the Lisbon Treaty on the functioning of the European Union is reflected in the increase in institutional coherence, in the streamlining of the decision-making process and in the strengthening of the Union's capacity to act both internally and externally. The reform of voting procedures in the Council, by extending the use of qualified majority and introducing the double majority system, has reduced decision-making bottlenecks and allowed for the faster adoption of legislative acts, particularly in areas with a high degree of integration. This change has contributed to adapting decision-making mechanisms to the realities of an enlarged Union and to the need for rapid responses to economic, social and geopolitical challenges.

The strengthening of the role of the European Parliament and the generalisation of the ordinary legislative procedure have had a significant impact on the institutional balance, increasing the democratic legitimacy of European policies and strengthening scrutiny of the Commission's work. At the same time, the involvement of national parliaments in the monitoring of subsidiarity has created a more direct link between the European and national levels, helping to reduce the perception of a democratic deficit. These mechanisms have favoured the development of more participatory and transparent governance.

Externally, the creation of the position of High Representative and the establishment of the European External Action Service have increased the coherence and visibility of the Union's action, facilitating the coordination of foreign and security policy and strengthening the EU's role as a global actor. The ability to conclude international agreements in its own name and to participate in international organisations has allowed the Union to promote its interests and values more effectively, including in areas such as trade, climate change and sustainable development.

The Treaty of Lisbon also had a major impact on the development of the area of freedom, security and justice, by extending the Union's competences and introducing mechanisms for enhanced cooperation between Member States. This allowed the adoption of common policies in the areas of migration, asylum, judicial cooperation and the fight against cross-border crime, contributing to increased internal security and the protection of fundamental rights.

As regards integration prospects, the Treaty created a flexible framework allowing for the deepening of cooperation in certain areas through mechanisms such as enhanced cooperation, giving Member States the possibility to move forward at different paces. This flexibility reflects the recognition of the diversity of interests and capacities of States, while maintaining the institutional unity of the Union. At the same time, the introduction of an explicit clause on the voluntary withdrawal of a Member State defined for the first time the legal conditions for a possible exit from the Union, an aspect that became relevant in the context of subsequent developments in the integration process.

The impact of the Lisbon Treaty must also be seen in relation to the Union's capacity to manage recent crises, such as the financial crisis, the pandemic or security challenges, where reformed institutional mechanisms have allowed for coordinated responses and the development of common instruments. However, these developments have also highlighted the limits of integration, particularly in areas where competences remain predominantly national.

Overall, the Lisbon Treaty contributed to transforming the European Union into a more coherent, more efficient system and better

able to act as a global actor, while providing a legal and institutional framework that allows the integration process to continue in conditions of flexibility and adaptability.

? Questions for discussion and evaluation

1. What were the main reasons that determined the need for institutional reform of the European Union before the Treaty of Lisbon?
2. Why did the draft Constitution for Europe fail and what lessons were learned in the process of drafting the Treaty of Lisbon?
3. What are the most important institutional innovations introduced by the Treaty of Lisbon?
4. How did the treaty influence the balance between EU institutions?
5. How has the democratic dimension of the European Union been strengthened?
6. What significance does the legal personality of the European Union have for its external action?
7. How was the voting system in the Council of the European Union changed?
8. What is the role of the European Citizens' Initiative in the decision-making process?
9. How does the Lisbon Treaty contribute to the development of the area of freedom, security and justice?
10. To what extent does the treaty provide premises for deepening European integration in the future?

Bibliographic sources

1. Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community. Official Journal of the European Union, C 306, 17 December 2007. Available on EUR-Lex: <https://eur-lex.europa.eu>
2. Chalmers, Damian; Davies, Gareth; Monti, Giorgio. European Union Law. Cambridge: Cambridge University Press, 2021.
3. Bârgăoanu, Alina; Radu, Luminița. European Union: institutions, policies and challenges. Bucharest: Comunicare.ro Publishing House, 2020.

PRACTICAL APPLICATIONS

☒ 1. Test

1) The Treaty of Lisbon entered into force in the year:

- a) 2004
- b) 2007
- c) 2009
- d) 2012

2) Which document preceded the Treaty of Lisbon, but was not ratified?

- a) Treaty of Nisa
- b) Constitution for Europe
- c) Single European Act
- d) Treaty of Maastricht

3) The Treaty of Lisbon granted legal personality to:

- a) European Council
- b) European Union
- c) European Parliament
- d) European Commission

4) Which institution officially became an EU institution through the Treaty of Lisbon?

- a) Court of Auditors
- b) European Council
- c) European Central Bank
- d) Committee of the Regions

5) The position of President of the European Council was:

- a) Abolished
- b) Created as a permanent position
- c) Transferred to the Commission
- d) Limited to 6 months

6) The ordinary legislative procedure was extended by Lisbon to:

- a) Fewer areas
- b) Most policy areas

- c) Foreign policy only
- d) Agricultural policy only

7) The European Citizens' Initiative allows:

- a) Amendment of the Treaties
- b) Proposal of legislation by citizens
- c) Election of the Commission
- d) Dissolution of Parliament

8) The Charter of Fundamental Rights became:

- a) Symbolic document
- b) Legally binding
- c) Repealed
- d) Part of foreign policy

9) The position of High Representative for Foreign Affairs and Security Policy:

- a) It was eliminated
- b) It was consolidated
- c) It was transferred to Parliament
- d) It was limited to the economic field

10) The Lisbon Treaty strengthened the role of:

- a) European Parliament
- b) Court of Auditors
- c) Economic and Social Committee
- d) European Investment Bank

 2. Case study (problem)

After the entry into force of the Treaty of Lisbon, the European Parliament acquired increased powers in the legislative process.

Tasks:

1. Analyze how the Lisbon Treaty strengthened the democratic dimension of the EU.
2. Explain the role of the ordinary legislative procedure in the institutional balance.

3. Evaluate the impact of the European Citizens' Initiative on democratic participation.
4. Identify the limits of EU democratization despite the Lisbon reforms.



3. Logic exercise (reform – effect correlation)

Correlate the reform introduced by the Lisbon Treaty with the corresponding effect:

Reforms:

- Legal personality of the EU
- Permanent President of the European Council
- Extension of codecision
- European Citizens' Initiative

Effects:

- A. Increased citizen participation
- B. Unified external representation
- C. Institutional stability
- D. Strengthening the role of Parliament

TOPIC 4 FUNCTIONAL CHARACTERISTICS OF THE EU AND THE DECISION-MAKING SYSTEM

- 4.1. *The functional nature of the European Union and the specifics of its governance*
- 4.2. *Distribution of powers and principles for their exercise*
- 4.3. *Decision-making procedures and the legitimacy of decision-making in the EU*

The purpose of the topic

The purpose of the topic is to analyze the functional characteristics of the European Union and decision-making mechanisms, by highlighting the nature of the governance system, the distribution of powers and the role of the actors involved in the European decision-making process.

Learning outcomes

At the end of studying the topic, students will be able to:

- to explain the functional specificity of the European Union as a multi-level governance system;
- identify the types of EU competences and the principles governing their exercise;
- describe the main decision-making procedures at European level;
- to analyse the role of the institutions and the Member States in the decision-making process.

4.1. The functional nature of the UnionEuropean Union and the specifics of its governance

The functional nature of the European Union reflects its distinct character in relation to classical models of political organisation, being the result of an integration process that combined supranational and intergovernmental elements in a multilevel governance system. The Union can be defined neither as a federal state nor as a traditional international organisation, since it has its own institu-

tions, an autonomous legal system and powers exercised directly over the Member States and, in certain cases, over citizens. This functional structure derives from the voluntary transfer of powers from the national level to the European level, in areas considered essential for the achievement of common objectives, such as the internal market, trade policy, competition or monetary policy for the euro area countries.

The specifics of the governance of the European Union consist in the distribution of powers between several decision-making levels, within a system that involves cooperation, coordination and mutual control between the European institutions, the Member States and, in certain areas, regional and local authorities. This multilevel governance model is characterised by the interdependence of actors and the need for permanent negotiation of interests, which leads to the adoption of common policies based on compromise. Unlike national political systems, where decision-making authority is concentrated in a hierarchical structure, the Union operates through a polycentric mechanism, in which power is dispersed between institutions with complementary powers.

A defining element of the functional nature of the Union is the existence of its own legal order, which is directly applicable in the legal systems of the Member States and which benefits from the principles of direct effect and supremacy. This legal autonomy gives the Union the ability to adopt binding rules and to ensure their uniform application through the Court of Justice. At the same time, the implementation of European policies is largely carried out by national administrations, which highlights the shared nature of governance and the dependence on the cooperation of the Member States.

The functionality of the Union is supported by an institutional system based on a balance between the supranational dimension, represented mainly by the European Commission and the Court of Justice, and the intergovernmental dimension, represented by the Council of the European Union and the European Council. The European Parliament introduces the supranational democratic component, contributing to the legitimization of the decision-making process. This institutional structure allows for the combination of decision-making

efficiency with the representation of national interests and democratic control.

The governance of the European Union is also characterised by the use of various coordination instruments, which include both classical legislative methods and soft law mechanisms, such as the open method of coordination. These instruments allow policies to be adapted to the diversity of national systems and facilitate convergence without imposing complete standardisation. At the same time, the participation of economic and social actors, through consultative structures and dialogue processes, contributes to the inclusive nature of European governance.

The functional nature of the European Union is defined by a combination of legal integration, political coordination and administrative cooperation, which allows the achievement of common objectives while maintaining the diversity of the Member States. The specificity of its governance lies in its multilevel, polycentric and consensus-based character, which gives the Union the capacity to manage complex policies in a political and economic space characterized by interdependence and institutional pluralism.

4.2. Distribution of powers and principles for their exercise

The distribution of powers within the European Union is an essential element of its functioning, as it sets the limits on the action of the European institutions and defines the relationship between the supranational and national levels. This system is based on the principle of conferral, according to which the Union acts only in areas in which the Member States have conferred competences on it by the Treaties. Any intervention by the Union must therefore have an explicit legal basis, and powers that have not been transferred remain the responsibility of the States. This delimitation reflects the derived nature of the Union's power and maintains the balance between integration and national sovereignty.

The Treaty of Lisbon systematised the Union's competences into three main categories: exclusive competences, shared competences

and supporting, coordinating or complementary competences. In the area of exclusive competences, such as the common commercial policy, the customs union, the competition rules necessary for the functioning of the internal market or the monetary policy for the euro area countries, only the Union can adopt binding legal acts, with the Member States being able to intervene only if authorised by the Union. In the case of shared competences, both the Union and the Member States can legislate and adopt binding acts, but the States exercise their competences only to the extent that the Union has not acted or has decided to cease action. This category includes areas such as the internal market, social policy, economic, social and territorial cohesion, agriculture, the environment or consumer protection. Supporting, coordinating or complementary competences, such as education, culture or public health, allow the Union to carry out support actions without harmonising national laws.

The exercise of the Union's competences is governed by the principles of subsidiarity and proportionality, which ensure that decisions are taken at the level closest to the citizen and that European intervention does not go beyond what is necessary to achieve the objectives set. Subsidiarity involves assessing the capacity of Member States to effectively achieve the objectives of a policy and only justifies Union intervention when action at national level is insufficient. Proportionality requires that the form and content of Union action be limited to what is strictly necessary to achieve the aims of the Treaties. These principles are monitored by both the European institutions and national parliaments, which may issue reasoned opinions if they consider that a legislative proposal does not comply with subsidiarity.

The distribution of powers also has a dynamic dimension, since the Union's areas of action may evolve in the light of integration needs and the interpretation of the Treaties by the Court of Justice. Its case-law has contributed to the implicit extension of certain powers by interpreting the objectives of the Treaties broadly and by recognising the implicit powers necessary for the implementation of common policies. At the same time, enhanced cooperation mechanisms allow a group of Member States to advance in a given area without the participation of all, providing flexibility to the integration process.

The distribution of powers and the principles governing their exercise therefore constitute the basis of the functioning of the European Union, ensuring a balance between the efficiency of common action and respect for the institutional and political diversity of the Member States. This system allows European policies to be adapted to different levels of governance and helps to maintain the legitimacy of the integration process.

4.3. Decision-making procedures and the legitimacy of decision-making in the EU

Decision-making procedures in the European Union reflect the complexity of its institutional structure and the need to ensure a balance between the efficiency of joint action, the representation of the interests of the Member States and democratic legitimacy. The decision-making process is organised around formal procedures laid down in the Treaties, the most important of which is the ordinary legislative procedure, which involves the equal participation of the European Parliament and the Council of the European Union in the adoption of legislative acts. This procedure involves the presentation of a proposal by the European Commission, its examination by the Parliament and the Council, the formulation of amendments and, in the event of divergences, the convening of a conciliation committee. Its iterative and negotiated nature reflects the need to achieve consensus between the institutions and between the different levels of governance.

In addition to the ordinary legislative procedure, the Treaties also provide for special legislative procedures, used in sensitive areas, where the role of Parliament is limited to consultation or consent, and the Council decides unanimously or by qualified majority. These procedures reflect the persistence of the intergovernmental dimension in certain policies, such as taxation, foreign and security policy or some aspects of social policy. At the same time, the European Council plays a strategic role in defining the general guidelines of the Union, influencing the legislative agenda without participating directly in the adoption of legislative acts.

The legitimacy of the European Union's decision-making process is based on a dual model, combining the representation of citizens through the European Parliament and the representation of Member States through the Council. This model reflects the hybrid nature of the Union and allows the integration of the supranational and inter-governmental democratic dimensions. The extension of Parliament's powers and the generalisation of the ordinary legislative procedure have contributed to reducing the perception of a democratic deficit, increasing the transparency and accountability of the institutions. Parliamentary control over the Commission, including through the approval procedure of the College of Commissioners and the motion of censure, constitutes an important mechanism for political accountability.

Another element of legitimacy is the indirect participation of citizens through national parliaments, which monitor compliance with the subsidiarity principle and can influence the European legislative process. The European Citizens' Initiative and public consultation mechanisms allow for the direct involvement of civil society and economic and social actors, contributing to the development of a European public sphere and to increased transparency in decision-making. The publication of documents, access to information and the opening of legislative sessions of the Council in certain cases are measures that increase the visibility of the decision-making process.

However, the legitimacy of the decision-making process is also influenced by the complexity of the procedures and the difficulty for citizens to understand the institutional mechanisms, which can generate perceptions of distance from the European institutions. To respond to these challenges, the Union has developed communication policies, dialogue mechanisms with citizens and digital participation tools, designed to bring the decision-making process closer to the level of society.

Decision-making procedures in the European Union are therefore the result of an institutional architecture that combines functional efficiency with democratic legitimacy. Their negotiated and multi-level character allows the adoption of common policies in a diverse

political space, maintaining the balance between the interests of citizens, the Member States and the Union as a whole.

? Questions for discussion and evaluation

1. What characteristics differentiate the European Union from a federal state and a classic international organization?
2. What are the specifics of multilevel governance within the EU?
3. How is the distribution of powers between the Union and the Member States achieved?
4. What is the role of the principles of subsidiarity and proportionality in the decision-making process?
5. What types of competences does the European Union have and in what areas do they apply?
6. How does the ordinary legislative procedure work and what are its main stages?
7. What is the role of the European Commission in initiating policies and legislation?
8. How do the European Parliament and the Council contribute to the democratic legitimacy of EU decisions?
9. What are the main mechanisms for the participation of national parliaments and citizens in the European decision-making process?
10. What factors influence the efficiency and transparency of the decision-making process in the European Union?



Bibliographic sources

1. Hix, Simon; Høyland, Bjørn. *The Political System of the European Union*. London: Palgrave Macmillan, 2022.
2. Nugent, Neill. *The Government and Politics of the European Union*. London: Red Globe Press, 2023.
3. Treaty on European Union and Treaty on the Functioning of the European Union (consolidated versions). *Official Journal of the European Union*, 2016, updated. Available on EUR-Lex: <https://eur-lex.europa.eu>

PRACTICAL APPLICATIONS

☒ 1. Test

- 1) The European Union is considered:**
 - a) Classical federal state
 - b) Traditional international organization
 - c) Multilevel governance system
 - d) Military confederation
- 2) The principle of subsidiarity implies:**
 - a) Centralization of decisions at EU level
 - b) Decision-making at the level closest to the citizen
 - c) Elimination of state powers
 - d) Dominance of the European Commission
- 3) The EU's exclusive competences include:**
 - a) Education
 - b) Monetary policy for the euro area
 - c) Culture
 - d) Public health
- 4) Shared competencies apply in the field of:**
 - a) Common commercial policies
 - b) Agriculture
 - c) Monetary policies
 - d) Customs Union
- 5) The ordinary legislative procedure involves:**
 - a) Commission only
 - b) EU Parliament and Council
 - c) Court of Justice
 - d) European Central Bank
- 6) Qualified majority voting is used in:**
 - a) All areas
 - b) Most legislative areas
 - c) Foreign policy only
 - d) Fiscal policy only

7) The principle of proportionality implies:

- a) Maximum EU intervention
- b) Intervention limited to what is necessary
- c) Elimination of national competences
- d) Unanimous decision-making

8) EU economic governance is an example of:

- a) Exclusive competence
- b) Intergovernmental cooperation
- c) Coordination of national policies
- d) Cultural policy

9) The democratic legitimacy of EU decisions is ensured by:

- a) The European Council only
- b) The European Parliament and national parliaments
- c) European Commission
- d) European Central Bank

10) The decision-making process in the EU is characterized by:

- a) Strict hierarchy
- b) Institutional cooperation
- c) Total centralization
- d) Lack of negotiations



2. Case study (problem)

The European Union intends to adopt legislation on artificial intelligence. The area involves shared competences between the EU and the member states.

Tasks:

1. Identify the applicable type of competence and justify the choice.
2. Describe the stages of the ordinary legislative procedure in this case.
3. Analyze the role of the principles of subsidiarity and proportionality.
4. Evaluate how the democratic legitimacy of the decision is ensured.



3. Logic exercise (classification of skills)

Classify the following areas according to the type of competence:

Areas:

- Customs Union
- Common agricultural policy
- Education
- Common commercial policy
- Public health

Types of competence:

- A. Exclusive
- B. Shared
- C. Support/coordination

TOPIC 5

ECONOMIC AND MONETARY INTEGRATION PROCESSES: MAIN STAGES AND CONTINUITY

- 5.1. *Stages of European economic integration: from the common market to the internal market*
- 5.2. *Creation and development of the Economic and Monetary Union: mechanisms and institutions*
- 5.3. *EU economic governance and macroeconomic policy coordination*
- 5.4. *Continuity and challenges of economic and monetary integration in the current context*

The purpose of the topic

The purpose of the topic is to analyze the evolution of economic and monetary integration processes within the European Union, by highlighting the main stages, institutional mechanisms and their role in ensuring economic stability and convergence.

Learning outcomes

At the end of studying the topic, students will be able to:

- describe the stages of European economic integration from the common market to the internal market;
- explain the formation and functioning of the Economic and Monetary Union;
- to identify the instruments for coordinating economic policies at EU level;
- to analyze the role of the euro in strengthening economic integration;
- to assess the challenges and prospects for the development of economic and monetary integration.

5.1. Stages of European economic integration: from the common market to the internal market

The stages of European economic integration, from the creation of the common market to the achievement of the internal market, reflect a gradual process of eliminating economic barriers between

Member States and consolidating the mechanisms for the functioning of a unified economic space. The starting point of this process was the establishment of the European Economic Community by the Treaty of Rome in 1957, which set the objective of creating a common market based on the free movement of goods, services, capital and persons. At this stage, integration focused on the elimination of customs tariffs and quantitative quotas in intra-Community trade, as well as on the establishment of a common customs tariff towards third countries. The customs union was achieved in the late 1960s, representing the first major achievement of economic integration and creating the premises for the development of internal trade.

In the following period, the integration process highlighted the need to overcome non-tariff barriers and differences in national regulations, which continued to limit the efficient functioning of the common market. Divergences in technical standards, regulations on services, restrictions on the movement of capital and administrative obstacles demonstrated that the simple elimination of tariffs was not sufficient to achieve deep economic integration. In this context, the Court of Justice of the European Communities played an essential role through its case law, in particular by establishing the principle of mutual recognition of national standards, which facilitated the liberalisation of trade and reduced the need for complete harmonisation of legislation.

The Single European Act of 1986 marked a decisive stage in the transition from the common market to the internal market, setting a clear programme for the removal of all remaining obstacles by the end of 1992. The concept of the internal market was defined as an area without internal frontiers in which the free movement of the four fundamental freedoms is fully ensured. Achieving this objective involved the adoption of a significant number of directives and regulations on the harmonisation of standards, the liberalisation of services, the opening up of public markets, the free movement of capital and the abolition of internal border controls. The introduction of qualified majority voting in certain areas made it possible to speed up the legislative process and reduce the risk of decision-making deadlock.

The internal market has had significant economic effects, contributing to increased trade, increased competition and the development of transnational production chains. At the same time, it has stimulated the adoption of cohesion policies aimed at reducing regional disparities and ensuring a fair distribution of the benefits of integration. The liberalisation of capital movements has created the conditions for the integration of financial markets and for the further development of the Economic and Monetary Union.

The transition from the common market to the internal market was accompanied by the strengthening of the institutional and legal framework, which ensured the uniform application of the rules and the supervision of their compliance. The European Commission had a central role in monitoring the implementation of the legislation, and the Court of Justice guaranteed the uniform interpretation of Community law. At the same time, the Member States were responsible for transposing the directives and adapting their administrative systems to the requirements of the internal market.

The evolution from the common market to the internal market represents a fundamental stage in European economic integration, characterised by the transition from the elimination of tariff barriers to the creation of a unified economic space, based on common rules and the free movement of factors of production. This transformation has strengthened economic interdependence between Member States and created the basis for the further development of monetary integration and European economic governance.

5.2. Creation and development of the Economic and Monetary Union: mechanisms and institutions

The creation and development of the Economic and Monetary Union (EMU) represents one of the most advanced forms of European integration, reflecting the transition from the coordination of economic policies to the establishment of a common monetary policy for the participating states. The idea of a monetary union emerged as early as the 1970s, with the Werner Report, which proposed the

achievement of progressive economic and monetary convergence. However, the instability of the international monetary system and the economic divergences between the member states postponed the implementation of this project, which was relaunched in the 1980s in the context of the deepening of the internal market and the need for monetary stability.

A decisive moment was the adoption of the Maastricht Treaty in 1992, which established the legal and institutional framework for Economic and Monetary Union and provided for a three-stage process for its achievement. The first stage was characterised by the complete liberalisation of capital movements and the intensification of cooperation between national central banks. The second stage involved the creation of the European Monetary Institute, the forerunner of the European Central Bank, and the strengthening of economic convergence by respecting the stability criteria on inflation, budget deficit, public debt, exchange rate stability and interest rates. The third stage was marked by the introduction of the euro and the transfer of monetary policy powers to the European Central Bank, which became responsible for maintaining price stability in the euro area.

The institutional structure of EMU is built around the European Central Bank and the European System of Central Banks, which bring together the ECB and the national central banks of the Member States. The ECB has a high degree of independence, which allows it to take decisions based on the primary objective of monetary stability, without direct political influence. At the same time, economic policy remains largely the responsibility of the Member States, being coordinated at European level through mechanisms such as the Stability and Growth Pact, the European Semester and macroeconomic surveillance procedures. This combination of a centralised monetary policy and coordinated national fiscal policies reflects the specific nature of EMU.

The development of the Economic and Monetary Union was significantly influenced by the financial and sovereign debt crisis, which highlighted the need to strengthen economic governance. In response, new instruments and mechanisms were introduced, such as the Euro-

pean Stability Mechanism, the Banking Union and the strengthening of the fiscal supervision framework. The Banking Union, based on the Single Supervisory Mechanism and the Single Resolution Mechanism, aims to ensure the stability of the financial system and reduce systemic risks, strengthening the interdependence between monetary policy and the stability of the banking sector.

Economic and Monetary Union has profound implications for the functioning of the economies of the Member States, contributing to the elimination of currency risks, increasing price transparency and integrating financial markets. At the same time, it requires compliance with strict fiscal rules and the adaptation of national economic policies to a common framework, which can generate tensions in times of economic crisis. The lack of a common fiscal policy at the euro area level remains one of the main challenges, highlighting the need for deeper coordination to ensure long-term stability.

The creation and development of the Economic and Monetary Union is a complex process, which has combined monetary integration with economic coordination mechanisms and strong supranational institutions. EMU constitutes a central pillar of European integration, reflecting the advanced level of economic interdependence between Member States and the need for common policies to maintain economic stability and convergence.

5.3. EU economic governance and macroeconomic policy coordination

The economic governance of the European Union represents the set of mechanisms, institutions and procedures through which the macroeconomic policies of the Member States are coordinated, in order to ensure economic stability, fiscal discipline and structural convergence. This system has gradually developed, especially in the context of the functioning of the Economic and Monetary Union, where the existence of a single monetary policy has imposed the need for closer coordination of national budgetary and economic policies. Unlike monetary policy, which is centralized at the level of

the European Central Bank for the euro area countries, fiscal policy remains within the competence of the Member States, but is subject to common rules and procedures.

A central element of economic governance is the Stability and Growth Pact, which sets limits on the budget deficit and the level of public debt and provides for surveillance and correction mechanisms in case these thresholds are exceeded. This framework is complemented by the excessive deficit procedure and the macroeconomic imbalance procedure, which allow for the monitoring of economic developments and the adoption of recommendations to Member States. The aim of these instruments is to prevent the build-up of imbalances that could affect the stability of the euro area and the functioning of the internal market.

The European Semester is the main mechanism for coordinating economic, budgetary and structural policies. It involves an annual assessment cycle, in which the European Commission analyses the national reform programmes and budgetary plans of the Member States, formulates country-specific recommendations and monitors their implementation. The Council of the European Union adopts these recommendations, and the Member States are encouraged to integrate them into their national policies. This process aims to ensure coherence between European objectives and domestic economic policies.

The financial and sovereign debt crisis highlighted the limits of the initial economic governance framework and led to the introduction of additional reforms, known as the “six-pack” and the “two-pack”, which strengthened fiscal supervision and introduced stricter monitoring mechanisms. The European Stability Mechanism was also created, designed to provide financial assistance to euro area countries in difficulty, conditional on the implementation of economic adjustment programmes.

The Union’s economic governance also includes the coordination of structural policies, aimed at increasing competitiveness, stimulating investment, promoting employment and the transition to a digital and green economy. European strategies, such as the Europe 2020 Strategy and subsequent initiatives on the green and digital transition, set common objectives that are integrated into national policies

through the European Semester. In this way, economic governance goes beyond the fiscal dimension and includes a broader framework for coordinating reforms.

However, the economic governance system faces challenges related to structural differences between Member States' economies, the need to balance fiscal discipline with stimulating economic growth, and the lack of a common fiscal capacity at euro area level. Recent initiatives, such as the creation of common financial instruments to support economic recovery, reflect the trend towards deeper coordination and the development of solidarity mechanisms.

Overall, the economic governance of the European Union is a complex system of multilateral coordination, which aims to maintain macroeconomic stability, prevent crises and promote economic convergence. By combining fiscal rules, surveillance mechanisms and strategic guidance, this framework contributes to the coherent functioning of the Economic and Monetary Union and to the adaptation of the economies of the Member States to global challenges.

5.4. Continuity and challenges of economic and monetary integration in the current context

The continuation of economic and monetary integration in the European Union is based on the consolidation of previously created institutional mechanisms and their adaptation to new economic and geopolitical realities. After the establishment of the euro and the development of the economic governance framework, the integration process evolved towards deepening the coordination of fiscal, financial and structural policies, as well as strengthening macroeconomic stability instruments. The reforms introduced in the wake of the financial and sovereign debt crisis highlighted the need for deeper integration, in particular as regards banking sector supervision, crisis management and the creation of financial solidarity mechanisms between Member States.

In this context, the Banking Union is a central element of the continuity of integration, by establishing a common system of supervision

and resolution for financial institutions in the euro area. This framework aims to reduce systemic risks, separate banking from sovereign risk and increase the stability of the European financial system. At the same time, the development of the single capital market aims to facilitate access to financing, diversify investment sources and strengthen financial integration, contributing to the efficient functioning of the Economic and Monetary Union.

The current challenges to economic and monetary integration are determined by the persistence of structural divergences between the economies of the Member States, by different levels of public debt and by the unequal capacity to adapt to economic shocks. The lack of a common fiscal policy at the level of the euro area limits the Union's capacity to respond to crises in a unified manner, which highlights the need to develop common budgetary instruments and closer coordination of fiscal policies. Recent initiatives on the creation of common financing mechanisms for economic recovery reflect the trend towards strengthening the solidarity dimension within integration.

Global economic transformations, including the transition to a digital and green economy, require the adaptation of macroeconomic policies and the economic governance model. Investments in infrastructure, innovation, renewable energy and digital technologies require increased coordination at European level and the mobilisation of significant financial resources. At the same time, the monetary policy of the European Central Bank must respond to challenges such as inflation, financial market volatility and the need to maintain price stability in a complex economic context.

Another relevant aspect is the enlargement of the euro area and the integration of Member States that have not yet adopted the single currency, a process that involves fulfilling the convergence criteria and adapting national economies to the requirements of EMU. This enlargement contributes to strengthening economic integration, but also highlights the need to maintain a balance between deepening integration and respecting the economic diversity of the states.

The continuity of economic and monetary integration depends on the European Union's ability to combine fiscal discipline with economic stabilisation instruments, to reduce structural disparities

and to strengthen solidarity mechanisms. The integration process remains a dynamic one, influenced by global economic developments and the need to adapt the institutional framework to new challenges, while maintaining the fundamental objective of stability and economic convergence within the Union.

? Questions for discussion and evaluation

1. What were the main stages of European economic integration from the customs union to the internal market?
2. What factors determined the transition from the common market to the internal market?
3. What are the stages of achieving the Economic and Monetary Union and what convergence criteria have been established?
4. What is the role of the European Central Bank within the EMU?
5. How does the Stability and Growth Pact work and what are its main objectives?
6. What does the European Semester entail and how does it contribute to the coordination of macroeconomic policies?
7. What are the main instruments of EU economic governance?
8. How did the financial crisis influence the consolidation of the Economic and Monetary Union?
9. What is the role of the Banking Union in ensuring financial stability?
10. What current challenges affect the continuity of economic and monetary integration?

Bibliographic sources

1. Baldwin, Richard; Wyplosz, Charles. *The Economics of European Integration*. London: McGraw-Hill Education, 2022.
2. De Grauwe, Paul. *Economics of Monetary Union*. Oxford: Oxford University Press, 2023.
3. Treaty on the Functioning of the European Union, Title VIII – Economic and Monetary Policy. Official Journal of the European Union, 2016, updated. Available on EUR-Lex: <https://eur-lex.europa.eu>

PRACTICAL APPLICATIONS

☒ Test

1) The first stage of European economic integration was:

- a) Economic and Monetary Union
- b) Free Trade Area
- c) Internal Market
- d) Political Union

2) The Treaty of Rome created:

- a) Eurozone
- b) Common market
- c) Banking union
- d) Schengen area

3) The Single European Act had as its main objective:

- a) Creation of the ECB
- b) Completion of the internal market
- c) Introduction of the euro
- d) Social policy

4) Economic and Monetary Union involves:

- a) Single fiscal policy
- b) Single currency and economic coordination
- c) Internal market only
- d) Abolition of national budgets

5) The European Central Bank is responsible for:

- a) Agricultural policy
- b) Price stability in the euro area
- c) Trade policy
- d) EU budget

6) The Maastricht criteria refer to:

- a) Environmental policy
- b) Economic convergence for the adoption of the euro
- c) Social policy
- d) Enlargement policy

7) The Stability and Growth Pact aims to:

- a) Rising inflation
- b) Budgetary discipline
- c) Trade liberalization
- d) Rural development

8) The banking union includes:

- a) Common Agricultural Policy
- b) Single Supervisory Mechanism
- c) Erasmus Programme
- d) Natura 2000 Network

9) The European Semester is a mechanism to:

- a) Monetary policy
- b) Coordination of economic policies
- c) Foreign policy
- d) Cultural policy

10) The continuity of economic integration is reflected in:

- a) Reducing cooperation
- b) Strengthening economic governance
- c) Eliminating the euro
- d) Returning to the common market



2. Case study (problem)

An EU member state wants to join the euro area, but does not meet the budget deficit criterion.

Tasks:

1. Identify the convergence criteria that the state must comply with.
2. Analyze the role of the ECB and the European Commission in the evaluation process.
3. Explain the impact of joining the euro area on national monetary policy.
4. Evaluate the advantages and risks of adopting the euro for the economy of the respective state.



3. Logic exercise (stages of integration)

Correctly order the stages of European economic integration:

- A. Economic and Monetary Union
- B. Internal Market
- C. Customs Union
- D. Free Trade Area
- E. Common Market

TOPIC 6

EU STRATEGY FOR SUSTAINABLE DEVELOPMENT: MAIN DIRECTIONS

- 6.1. *The concept of sustainable development within the European Union and the evolution of the strategic framework*
- 6.2. *Main objectives and directions of the EU Sustainable Development Strategy*
- 6.3. *Integrating the economic, social and environmental dimensions into EU policies*
- 6.4. *Implementation mechanisms, monitoring and challenges of sustainable development in the EU*

The purpose of the topic

The purpose of the topic is to analyze the European Union Strategy for Sustainable Development, by highlighting the main objectives, the integration of economic, social and environmental dimensions in European policies and the implementation and monitoring mechanisms.

Learning outcomes

At the end of studying the topic, students will be able to:

- explain the concept of sustainable development in the context of EU policies;
- identify the main directions of the EU Strategy for Sustainable Development;
- to analyze the integration of economic, social and environmental dimensions in the European decision-making process;
- describe the tools and mechanisms for implementing sustainable development goals;
- to assess the current challenges of the transition towards a sustainable development model in the European Union.

6.1. The concept of sustainable development within the European Union and its evolutionstrategic framework

The concept of sustainable development within the European Union is a fundamental principle guiding the development and implementation of European policies, aiming to ensure a balance between economic growth, social cohesion and environmental protection. This concept has been gradually integrated into the legal and strategic architecture of the Union, reflecting global developments and commitments undertaken at international level. The normative foundation of sustainable development is found in the Union Treaties, where it is enshrined as a cross-cutting objective of European action, which implies the integration of environmental and social considerations into all sectoral policies.

The development of the strategic framework for sustainable development in the European Union began in the 1990s, in the context of growing concerns about environmental degradation, climate change and the inefficient use of natural resources. The Gothenburg European Council in 2001 adopted the first EU Sustainable Development Strategy, which complemented the Lisbon Agenda by introducing the environmental dimension as a central element of the European development model. This strategy set objectives on combating climate change, promoting sustainable transport, managing natural resources, protecting public health and reducing social exclusion.

The strategy was subsequently revised to reflect new economic and social challenges, such as globalisation, energy security and the need to transition to a low-carbon economy. The integration of sustainable development into the Europe 2020 Strategy marked an important milestone, by promoting the concept of smart, sustainable and inclusive growth. This approach put the emphasis on innovation, energy efficiency, responsible use of resources and the creation of green jobs, strengthening the link between economic competitiveness and environmental protection.

At the contemporary stage, the strategic framework for sustainable development in the European Union is closely linked to the objectives of the 2030 Agenda for Sustainable Development and

the European Green Deal, which is an integrative initiative aimed at transforming the European economy into a climate-neutral one. The Green Deal introduces a systemic approach, which includes policies on renewable energy, the circular economy, biodiversity, sustainable agriculture and green mobility. This strategy reflects the shift from a sectoral to a cross-cutting approach, in which sustainable development becomes the general framework guiding all European policies.

Conceptually, sustainable development in the European Union is associated with the social market economy model, which combines economic competitiveness with social solidarity and environmental protection. This approach involves the efficient use of resources, the reduction of inequalities, the promotion of innovation and the provision of a just transition for regions and sectors affected by structural transformations. At the same time, sustainable development involves the adoption of governance mechanisms based on multilevel coordination, the participation of economic and social actors and the monitoring of progress through specific indicators.

The concept of sustainable development in the European Union has evolved from a complementary dimension of environmental policies to a strategic principle structuring all European action. Its integration into treaties, strategies and policy instruments reflects the Union's commitment to promoting a development model that ensures economic prosperity, social cohesion and environmental protection in the long term.

6.2. Main objectives and directions of the EU Sustainable Development Strategy

The objectives and main directions of the European Union Strategy for Sustainable Development are structured around the idea of transforming the European economic and social model into one that ensures the efficient use of resources, environmental protection and the well-being of citizens in the long term. This strategy aims to integrate the economic, social and environmental dimensions into a coherent framework of public policies, oriented towards smart,

sustainable and inclusive growth. In this sense, sustainable development is not treated as a distinct sectoral policy, but as a cross-cutting principle influencing all areas of action of the Union.

A central objective of the strategy is to combat climate change and transition to climate neutrality. The European Union has committed to reducing greenhouse gas emissions, increasing the share of energy from renewable sources and improving energy efficiency. These objectives are supported by policies on the decarbonisation of the energy sector, the development of clean energy infrastructure and the promotion of innovative technologies. At the same time, the strategy aims to adapt to the effects of climate change, through measures to protect ecosystems, sustainably manage water resources and prevent natural risks.

Another important direction is the promotion of the circular economy, which involves reducing resource consumption, reusing materials, recycling and minimizing waste. This approach aims to decouple economic growth from the intensive use of natural resources and stimulate innovation in production and consumption processes. In this context, sustainable production models, responsible supply chains and ecological standards for products and services are promoted.

The strategy also includes social objectives, aimed at reducing poverty, increasing employment, ensuring equal opportunities and strengthening social and territorial cohesion. Sustainable development is associated with the creation of green jobs, investing in education and training and supporting regions affected by economic transition. The concept of just transition plays a central role, aiming to offset the socio-economic impact of structural transformations on communities dependent on polluting industries.

The economic dimension of the strategy is aimed at stimulating innovation, digitalisation and the competitiveness of the European economy, while respecting environmental and social standards. Investments in research and development, sustainable infrastructure and green technologies are considered essential for achieving the strategic objectives. In this sense, sustainable development is correlated with the digital agenda and industrial policies, which aim to modernise the economy and increase its resilience.

The EU's sustainable development strategy also includes the protection of biodiversity and the sustainable management of natural resources, through policies on organic farming, sustainable forestry and the conservation of ecosystems. These measures are integrated into sectoral policies, such as the common agricultural policy and environment policy, reflecting the cross-cutting nature of sustainable development.

The objectives and main directions of the strategy highlight an integrated approach, combining the decarbonisation of the economy, the efficient use of resources, social inclusion and technological innovation. This strategic vision aims to transform the European development model into a sustainable, competitive and equitable one, capable of responding to global challenges and ensuring the well-being of future generations.

6.3. Integrating the economic, social and environmental dimensions into EU policies

The integration of the economic, social and environmental dimensions into the policies of the European Union is a central element of the European model of sustainable development, reflecting the cross-cutting approach by which sustainability objectives are incorporated into all areas of action. This integration is based on the principle that economic growth, social cohesion and environmental protection should not be treated as separate objectives, but as interdependent components of a balanced development process. Within the Union, this principle is enshrined in the Treaties and is applied through policy coordination mechanisms and through the assessment of the economic, social and environmental impact of legislative initiatives.

The economic dimension of sustainable development is manifested by promoting competitiveness, innovation and efficient use of resources, while reducing environmental impact. Industrial, energy and research policies are geared towards developing green technologies, digitising the economy and stimulating investment in sustainable infrastructure. European financial instruments support the tran-

sition to a low-carbon economy and encourage businesses to adopt sustainable production and consumption models. In this context, the concept of the circular economy becomes an operational framework for integrating economic and environmental objectives.

The social dimension is integrated through employment, education, social inclusion and protection of workers' rights policies. European strategies aim to reduce inequalities, combat poverty and ensure fair access to economic opportunities, particularly in the context of the transformations generated by the green and digital transitions. The European Structural and Investment Funds contribute to supporting less developed regions and mitigating the socio-economic impact of structural changes, promoting territorial cohesion and solidarity between Member States.

The environmental dimension is integrated into sectoral policies by setting environmental standards, regulating pollutant emissions, protecting biodiversity and promoting the sustainable use of natural resources. The Union's environmental policy is linked to energy, agricultural, transport and industrial policies, which allows for a systemic approach to environmental problems. Environmental impact assessments and the polluter-pays principle contribute to the internalisation of environmental costs in economic activities.

The integration of the three dimensions is also achieved through multilevel governance mechanisms, involving the European institutions, the Member States, regional and local authorities, as well as economic actors and civil society. The policy-making process includes extensive consultations and interdisciplinary assessments, and implementation is monitored through performance indicators that reflect progress in the field of sustainability. This approach allows for the adaptation of policies to the diversity of economic and social conditions in the Member States.

The integration of the economic, social and environmental dimensions into European Union policies is a complex process, which aims to achieve a development model based on economic efficiency, social equity and environmental protection. This holistic approach strengthens the coherence of European action and contributes to achieving the long-term objectives of sustainable development.

6.4. Implementation mechanisms, monitoring and challenges of sustainable development in the EU

The implementation of the European Union Strategy for Sustainable Development is achieved through a complex set of legislative, financial and policy coordination instruments, which ensure the integration of sustainability objectives into sectoral policies and actions of the Member States. A central role is played by legal acts adopted at European level, which set binding standards in areas such as the reduction of greenhouse gas emissions, energy efficiency, the circular economy, the protection of biodiversity and the sustainable use of resources. These regulations are complemented by thematic strategies and action plans that guide the implementation of medium and long-term objectives.

The Union's financial instruments make a decisive contribution to achieving sustainable development by allocating funds for investments in green infrastructure, renewable energy, technological innovation and social cohesion. The Structural and Investment Funds, the Just Transition Financing Mechanisms and research programmes support the transformation of national economies and the reduction of regional disparities. The integration of sustainability criteria into the Union's budgetary policy reflects the orientation of financial resources towards climate and environmental objectives.

Progress is monitored through a system of statistical indicators and periodic reports drawn up by the European institutions, which assess the evolution of the Member States in relation to the established objectives. The European Semester includes the dimension of sustainable development through country-specific recommendations, and the reporting mechanisms on climate and energy allow the monitoring of the implementation of the commitments undertaken. Ex-ante and ex-post impact assessments contribute to adjusting policies and improving their efficiency.

Multilevel governance is an essential element of implementation, involving cooperation between European institutions, national, regional and local authorities, as well as the participation of economic actors and civil society. This approach favours the adaptation of poli-

cies to the specificities of each Member State and increases the degree of responsibility in the implementation of sustainability measures. At the same time, public consultation and social dialogue mechanisms contribute to the legitimacy of the decision-making process.

Despite the progress made, sustainable development in the European Union faces a number of structural challenges. Persistent economic and social disparities between Member States affect the capacity for uniform policy implementation, and the transition to a climate-neutral economy entails significant economic and social costs for certain regions and sectors. Energy dependence, pressures on natural resources and the impact of climate change generate the need for additional adaptation and resilience measures.

Balancing economic growth with environmental protection remains a major challenge, especially in the context of global competition and rapid technological change. The need to mobilise significant investment and coordinate fiscal and industrial policies at European level highlights the importance of strengthening economic governance mechanisms.

Overall, the implementation and monitoring mechanisms of sustainable development in the European Union reflect an integrated approach, based on regulations, financial instruments and multi-level coordination. While progress is significant, long-term success depends on the Union's ability to reduce disparities, ensure a just transition and maintain coherence between economic, social and environmental objectives.

? Questions for discussion and evaluation

1. What is the meaning of the concept of sustainable development within the European Union?
2. How has the EU's strategic framework for sustainable development evolved from the Gothenburg Strategy to the European Green Deal?
3. What are the main objectives of the EU Sustainable Development Strategy?
4. How are economic, social and environmental dimensions integrated into European policies?

5. What role does the circular economy play in the EU's sustainable development model?
6. What are the main financial instruments used to support the green transition?
7. How is the progress of Member States in achieving the Sustainable Development Goals monitored?
8. What does the concept of just transition mean and why is it important for social cohesion?
9. What are the main challenges of implementing sustainable development in the European Union?
10. How does sustainable development influence the EU's economic competitiveness?



Bibliographic sources

1. European Commission. The European Green Deal. Brussels, 2019.
2. Eurostat. Sustainable Development in the European Union – Monitoring Report on Progress towards the SDGs. Luxembourg, 2023 edition.
3. Bângăoanu, Alina; Radu, Luminița. European Union: institutions, policies and challenges. Bucharest: Comunicare.ro Publishing House, 2020.

PRACTICAL APPLICATIONS



1. Test

1) Sustainable development involves:

- a) Unlimited economic growth
- b) Balance between economic, social and environmental dimensions
- c) Environmental protection only
- d) Reduction of economic competitiveness

2) The EU Sustainable Development Strategy was initially adopted in:

- a) 1992
- b) 2001
- c) 2007
- d) 2015

3) The European Green Deal is:

- a) An educational program
- b) A sustainable growth strategy
- c) An agricultural policy
- d) A customs union

4) The circular economy aims to:

- a) Increasing resource consumption
- b) Reusing and recycling resources
- c) Increasing wastelors
- d) Importing raw materials

5) The “Farm to Fork” strategy refers to:

- a) Trade policy
- b) Sustainable food systems
- c) Monetary policy
- d) Green transport

6) Climate neutrality in the EU is planned for:

- a) 2030
- b) 2040
- c) 2050
- d) 2060

7) The Just Transition Mechanism supports:

- a) Regions affected by decarbonization
- b) Financial sector
- c) Agriculture only
- d) Digital education

8) The UN Sustainable Development Goals are integrated into:

- a) Trade policy
- b) EU strategies
- c) Monetary policy
- d) Defense policy

9) The social dimension of sustainable development includes:

- a) Price stability
- b) Social inclusion and employment

- c) Trade liberalization
- d) Foreign policy

10) Sustainable development in the EU is:

- a) Sectoral policy
- b) Cross-cutting principle
- c) Optional policy
- d) Exclusive policy of Member States



2. Case study (problem)

A European region faces industrial pollution, high unemployment and dependence on fossil energy.

Tasks:

1. Analyze the issues from the perspective of the three dimensions of sustainable development.
2. Identify EU instruments that can support the region's transition.
3. Propose measures for the creation of green jobs.
4. Indicate indicators for monitoring sustainable progress.



3. Logic exercise (dimension – policy correlation)

Match the dimension of sustainable development with the corresponding EU policy:

Dimensions:

Economical
sociable
Environmental

Policies:

- A. Cohesion and employment policy
- B. Circular economy and biodiversity protection
- C. Competitiveness and green innovation

TOPIC 7

EU COMMON AGRICULTURAL POLICY AND IMPLEMENTATION PARAMETERS

- 7.1. *Evolution and objectives of the European Union's Common Agricultural Policy*
- 7.2. *CAP instruments and operating mechanisms*
- 7.3. *CAP reform and the orientation towards rural development and sustainability*
- 7.4. *CAP implementation in Member States and current challenges*

The purpose of the topic

The purpose of the topic is to analyze the Common Agricultural Policy of the European Union, by highlighting its evolution, objectives, operating instruments and implementation mechanisms, as well as its role in ensuring food security and sustainable rural development.

Learning outcomes

At the end of studying the topic, students will be able to:

- describe the stages of evolution and the main objectives of the Common Agricultural Policy;
- identify the regulatory and financing instruments of the CAP;
- to analyse CAP reforms and the orientation towards rural development and sustainability;
- explain the mechanisms for implementing the CAP at the level of the Member States;
- to assess the current challenges of European agriculture in the context of globalization and climate change.

7.1. Evolution and objectives of the European Union's Common Agricultural Policy

The Common Agricultural Policy (CAP) is one of the oldest and most important policies of the European Union, designed to ensure the stability of agricultural production, food security and a fair standard

of living for the rural population. Established by the Treaty of Rome in 1957, the CAP emerged in a context marked by the insufficiency of food production in post-war Europe and the need to increase agricultural productivity. The initial objectives were to increase production, stabilize markets, guarantee the supply of food at affordable prices and ensure fair incomes for farmers. In this first stage, the policy was oriented towards supporting agricultural prices and protecting the internal market through intervention mechanisms and import tariffs.

In the 1970s and 1980s, the success of the CAP in increasing production generated significant agricultural surpluses, which led to rising budgetary costs and distortions on international markets. These developments led to the need to reform the policy, by introducing measures to limit production and control expenditure. The MacSharry reform of 1992 marked a fundamental paradigm shift, by reducing price-based support and introducing direct payments to farmers, gradually decoupled from production levels. This reform aimed to make European agriculture more market-oriented and more competitive.

In the following period, the CAP continued to evolve by integrating the rural development dimension and environmental considerations. Agenda 2000 introduced a two-pillar structure, the first being dedicated to direct payments and market measures, and the second to rural development, with an emphasis on diversification of economic activities, modernisation of holdings and environmental protection. The 2003 reform strengthened the process of decoupling direct payments from production and introduced conditionality, which links the granting of financial support to compliance with environmental protection, food safety and animal welfare standards.

In the recent phase, the CAP has been adapted to the new challenges of climate change, sustainable management of natural resources, protection of biodiversity and balanced territorial development. The reforms have focused on the greening of direct payments, support for small and medium-sized farms, innovation and the digitalisation of agriculture. The integration of the objectives of the European Green Deal and the Farm to Fork strategy reflects the orientation towards a sustainable agricultural model, reducing the environmental impact and ensuring the resilience of food systems.

The current objectives of the CAP go beyond the strictly economic dimension and include ensuring food security, maintaining the vitality of rural areas, promoting sustainable agriculture and contributing to the fight against climate change. The policy also aims to reduce disparities between regions, support young farmers and stimulate innovation in the agricultural sector. Through these objectives, the CAP reflects the transformation of European agriculture into a market-oriented, competitive and sustainable sector.

The evolution of the Common Agricultural Policy highlights the shift from a model based on price support and production growth to a complex framework, oriented towards rural development, sustainability and resilience. This transformation has been driven by economic, social and environmental changes, as well as the need to adapt European agriculture to the requirements of the global market and the strategic objectives of the European Union.

7.2. CAP instruments and operating mechanisms

The instruments and operating mechanisms of the Common Agricultural Policy are structured around a complex financial and regulatory framework, which aims to support farmers' incomes, stabilize agricultural markets, rural development and promote sustainable agricultural practices. These instruments are organized around two main pillars, which reflect the duality of the economic and territorial objectives of the European agricultural policy.

The first pillar is dedicated to direct payments and market regulation measures, financed through the European Agricultural Guarantee Fund. Direct payments are the main mechanism for supporting farmers' incomes and are granted on the basis of the area farmed, while respecting environmental protection, food safety and animal welfare conditions. The current system includes basic payment schemes, redistributive payments to support small and medium-sized farms, payments for young farmers and components related to environmentally friendly agricultural practices. These instruments

contribute to income stability and the maintenance of agricultural activities in rural areas.

Market measures constitute another element of the first pillar and include public intervention mechanisms, private storage, crisis management measures and support for certain sensitive sectors. These instruments are used to smooth out price fluctuations, ensure the balanced functioning of agricultural markets and protect producers in situations of instability. Although their importance has decreased over time, they remain relevant in the context of food crises or disruptions to supply chains.

The second pillar of the CAP is dedicated to rural development and is financed by the European Agricultural Fund for Rural Development. It aims to modernise agricultural holdings, diversify economic activities in rural areas, protect the environment and adapt to climate change. Measures include investments in rural infrastructure, support for organic farming, vocational training programmes, the development of short supply chains and the promotion of innovation. The LEADER approach, based on local initiatives and partnerships between regional actors, is an important mechanism for stimulating integrated territorial development.

A key element of the functioning of the CAP is cross-compliance, which links the granting of financial support to compliance with environmental, public health, plant health and animal welfare standards. This cross-compliance contributes to integrating sustainability objectives into agricultural practices and to empowering farmers in the management of natural resources. In the recent phase, greening mechanisms have been strengthened by the introduction of eco-schemes, which reward the adoption of environmentally and climate-friendly agricultural practices.

The functioning of the CAP is also based on a system of strategic planning at national level, with Member States drawing up strategic plans setting out how funds are used and how measures are adapted to the specific agricultural and rural context. The European Commission has the role of approving these plans and monitoring their implementation, ensuring coherence with the Union's overall objectives.

The CAP instruments and mechanisms therefore reflect a combination of financial support, market regulation and rural development measures, aimed at increasing the competitiveness of agriculture, environmental protection and territorial cohesion. This framework allows the policy to be adapted to the diversity of agricultural systems in the Member States and contributes to the achievement of the European Union's strategic objectives in the field of food and rural areas.

7.3. CAP reform and the orientation towards rural development and sustainability

The reform of the Common Agricultural Policy reflected the need to adapt the European agricultural sector to economic, social and environmental changes, as well as to the requirements of the global market and sustainable development. Since the 1990s, the CAP has undergone a gradual transformation process, characterised by the reduction of price-based support, the orientation towards direct payments decoupled from production and the integration of the rural development dimension. This paradigm shift aimed to increase the competitiveness of European agriculture, reduce trade distortions and adapt to the rules of the World Trade Organisation.

The 2003 reform strengthened the process of decoupling direct payments, introducing the single farm payment and cross-compliance, which links financial support to compliance with environmental, food safety and animal welfare standards. This reform marked the transition from a productivist model to one oriented towards sustainable resource management and maintaining the multifunctional functions of agriculture, including the protection of the countryside and the conservation of biodiversity.

The integration of rural development as the second pillar of the CAP was a key step in steering the policy towards territorial cohesion and the diversification of the rural economy. Rural development measures aimed at modernising farms, supporting non-agricultural businesses, improving infrastructure, promoting innovation and

creating jobs in rural areas. This approach contributed to reducing regional disparities and strengthening the vitality of rural communities.

In recent reforms, the focus has been on integrating environmental and climate objectives into the CAP, in line with the European Green Deal and the Farm to Fork and Biodiversity strategies. The introduction of eco-schemes as a mandatory instrument within direct payments is an important step in stimulating environmentally friendly agricultural practices, such as organic farming, crop rotation, the maintenance of permanent grassland and the reduction of the use of pesticides and chemical fertilisers. At the same time, measures to adapt to climate change and reduce greenhouse gas emissions in the agricultural sector are promoted.

The CAP reform also aimed to support small and medium-sized farms, facilitate generational renewal by supporting young farmers and stimulate digitalisation and innovation in agriculture. National strategic plans allow the adaptation of instruments to the specificities of each Member State, ensuring flexibility in implementation and targeting of funds to local needs.

However, the focus on sustainability raises challenges in terms of balancing economic and environmental objectives, farmers' incomes and the competitiveness of the European agricultural sector on the global market. The need to reduce environmental impact entails additional costs for producers and requires adequate financial support and transfer of technological knowledge.

The CAP reform highlights the transformation of European agriculture into a multifunctional sector, no longer focused exclusively on production, but also on environmental protection, rural development and ensuring food security. This evolution reflects the integration of agriculture into the European model of sustainable development and the adaptation of agricultural policy to contemporary challenges.

7.4. CAP implementation in Member States and current challenges

The implementation of the Common Agricultural Policy in the Member States is carried out through a shared governance mechanism, in which responsibilities are distributed between the European institutions and the national authorities. The European Commission establishes the general regulatory framework, approves the national strategic plans and monitors compliance with the common objectives, while the Member States are responsible for implementing the measures, managing the funds and controlling their use. This approach allows the adaptation of the CAP instruments to the specific agricultural structures, climatic conditions and socio-economic particularities of each country.

National strategic plans are the main implementation tool, through which Member States set out how to use funds for direct payments and rural development, as well as priorities in the field of sustainability, innovation and territorial cohesion. These plans must be aligned with the general objectives of the CAP and with European strategies on climate, environment and food security. Monitoring of implementation is carried out through performance indicators and regular reports, which allow progress to be assessed and measures to be adjusted when necessary.

A key element of implementation is the control and audit systems, which aim to ensure the correct use of funds and compliance with cross-compliance. National authorities are responsible for verifying the eligibility of beneficiaries, applying sanctions in case of non-compliance and preventing fraud. These mechanisms contribute to increasing transparency and strengthening trust in the common agricultural policy.

In terms of current challenges, the implementation of the CAP faces significant differences between Member States in terms of farm structure, productivity levels and administrative capacity. Regions with small and fragmented farms face difficulties in accessing funds and adopting modern technologies, while large farms are better integrated into supply chains and benefit from economies of scale. These

disparities raise issues of fairness in the distribution of support and territorial cohesion.

The transition to sustainable agricultural practices also entails additional costs for farmers, related to compliance with environmental standards, reduction of chemical inputs and adaptation to climate change. The need to remain competitive in global markets, in the context of rising energy prices and volatile agricultural markets, is another major challenge. In addition, climate change affects agricultural production through extreme events, drought and land degradation, which requires adaptation measures and investments in resilient technologies.

Demographic challenges in rural areas, such as the ageing agricultural population and youth migration, are impacting the sector's capacity to modernise. Supporting young farmers and facilitating knowledge transfer and innovation are essential to ensure the continuity of agricultural activities. At the same time, digitalisation and the use of smart technologies offer opportunities for increasing efficiency and reducing environmental impact, but require investment and skills development.

Overall, the implementation of the CAP reflects a balance between common Union objectives and adaptation to national realities, being influenced by economic, social and environmental factors. Current challenges highlight the need to strengthen administrative capacity, support small and medium-sized farms, promote innovation and ensure a just transition towards a sustainable and competitive agricultural model.

? Questions for discussion and evaluation

1. What were the initial objectives of the Common Agricultural Policy and how have they evolved over time?
2. What factors led to the reform of the CAP since the 1990s?
3. What are the main instruments of the CAP and how do they contribute to stabilizing farmers' incomes?
4. What does the two-pillar structure of the CAP mean and what are the differences between them?

5. How are environmental and climate objectives integrated into the current CAP?
6. What is the role of eco-schemes in promoting sustainable agriculture?
7. How does the CAP contribute to rural development and the reduction of territorial disparities?
8. What are the main challenges of implementing the CAP in the Member States?
9. How does climate change influence the European agricultural sector and CAP policies?
10. To what extent can the CAP ensure the balance between economic competitiveness and sustainability?



Bibliographic sources

1. European Commission. The Common Agricultural Policy at a glance. Brussels, updated edition.
2. Matthews, Alan. The European Union's Common Agricultural Policy: Policy and Reform. Dublin: Trinity College Dublin, 2021.
3. Swinnen, Johan; Knops, Louise. The Political Economy of the 2014–2020 Common Agricultural Policy. Brussels: Center for European Policy Studies, 2018.

PRACTICAL APPLICATIONS



1. Test

- 1) The Common Agricultural Policy (CAP) was introduced in:**
 - a) 1957
 - b) 1962
 - c) 1973
 - d) 1986
- 2) The initial objective of the CAP was:**
 - a) Environmental protection
 - b) Ensuring food security
 - c) Developing renewable energy
 - d) Trade policy

3) The CAP is financed from:

- a) European Social Fund
- b) European Agricultural Guarantee Fund
- c) European Central Bank
- d) LIFE Programme

4) Direct payments to farmers have the role of:

- a) Increase in industrial exports
- b) Stabilization of agricultural income
- c) Financing of monetary policy
- d) Urban development

5) Rural development is financed through:

- a) EAFRD
- b) Erasmus+
- c) ERDF
- d) Horizon Europe

6) The CAP reform focuses on:

- a) Intensive production
- b) Sustainability and environmental protection
- c) Elimination of subsidies
- d) Monetary policy

7) The eco-schemes are:

- a) Education programs
- b) Tools for organic farming practices
- c) Monetary mechanisms
- d) Cultural programs

8) The CAP contributes to:

- a) Foreign policy
- b) Territorial cohesion
- c) Defense policy
- d) Fiscal policy

9) The conditionality of direct payments implies:

- a) Compliance with environmental standards
- b) Increased production

- c) Compulsory export
- d) Reduction of biodiversity

10) The CAP is an example of:

- a) Exclusive competence
- b) Common EU policy
- c) Intergovernmental cooperation
- d) Cultural policy

2. Case study (problem)

A farmer in a Member State wants to access direct payments and eco-schemes, but must comply with new environmental conditions.

Tasks:

1. Identify the basic requirements for obtaining direct payments.
2. Explain the role of eco-schemes in promoting sustainable agriculture.
3. Analyze the impact of the CAP on farmers' incomes and on the environment.
4. Propose indicators for assessing the effectiveness of the CAP at national level.

3. Logic exercise (pillar – instrument correlation)

Match the CAP pillar with the corresponding tool:

CAP pillars:

- Direct payments and market measures
- Rural development

Instruments:

- A. FEADR
- B. FEGA
- C. Eco-scheme
- D. Rural modernization programs

TOPIC 8

SOCIAL POLICY IN THE EU DEVELOPMENT STRATEGY

- 8.1. *Evolution and objectives of the European Union's social policy*
- 8.2. *Instruments and mechanisms for implementing social policy at European level*
- 8.3. *The social dimension of the EU Development Strategy: employment, inclusion and social cohesion*
- 8.4. *Current challenges and prospects of the European social model*

The purpose of the topic

The purpose of the topic is to analyze the European Union's social policy within the framework of the Development Strategy, by highlighting the objectives, implementation instruments and its role in promoting employment, social inclusion and economic and territorial cohesion.

Learning outcomes

At the end of studying the topic, students will be able to:

- explain the evolution and objectives of the European Union's social policy;
- identify the main instruments and mechanisms for implementing social policy;
- analyze the role of the EU in promoting employment and social inclusion;
- evaluate the contribution of social policy to economic and territorial cohesion;
- appreciate the current challenges of the European social model in the context of globalization and the digital and green transition.

8.1. Evolution and objectives of the European Union's social policy

The evolution of the European Union's social policy reflects the gradual transformation of the social dimension from a complementary element of the internal market to an essential pillar of the European development model. In the initial stages of European integra-

tion, the social dimension was limited, with the emphasis on the free movement of labour and the coordination of social security systems for migrant workers. The Treaty of Rome provided only limited competences in the social field, and social policies remained largely the responsibility of the Member States. However, the development of the common market has highlighted the need for minimum social standards to prevent social dumping and ensure fair working conditions.

In the 1980s and 1990s, social policy underwent a significant expansion, in the context of deepening economic integration and the completion of the internal market. The Single European Act introduced the objective of improving working conditions and social dialogue, and the Maastricht Treaty strengthened the legal basis of social policy by introducing the social chapter and mechanisms for adopting legislation in areas such as health and safety at work, equal opportunities and the protection of workers. Legislative instruments on working time, the protection of workers in the event of collective redundancies and employees' rights were developed during this period.

Subsequently, social policy was integrated into the Union's economic development strategies, in particular through the Lisbon Strategy and the Europe 2020 Strategy, which promoted employment growth, the fight against poverty and the strengthening of social inclusion. The concept of the European social model became a defining element, based on the balance between economic competitiveness and social protection. This model includes the promotion of social dialogue, the protection of workers' rights, access to education and vocational training and the assurance of equal opportunities.

A major milestone in the development of social policy was the proclamation of the European Pillar of Social Rights, which sets out fundamental principles and rights in areas such as equal opportunities, fair working conditions, social protection and inclusion. This pillar serves as a framework for the development of social policies and for the coordination of Member States' actions, contributing to strengthening the social dimension of the Union.

The current objectives of European social policy aim to increase employment, reduce inequalities, combat poverty and social exclu-

sion, promote labour mobility and adapt skills to the demands of the digital and green economy. Increased attention is also paid to the protection of workers in atypical forms of employment, work-life balance and ensuring access to quality social services.

The evolution of the European Union's social policy therefore highlights the shift from a limited approach, focused on labour mobility, to a complex regulatory and coordination framework, geared towards social cohesion, employment and the protection of social rights. This transformation reflects the increasingly important role of the social dimension in the European development model and in ensuring inclusive economic growth.

8.2. Instruments and mechanisms for implementing social policy at European level

The implementation of the European Union's social policy is based on a complex system of regulatory, financial and coordination instruments, which reflect the nature of the shared competences in this area. Unlike economic or trade policies, where the Union has more extensive competences, in the social sphere its role is mainly one of minimum harmonisation, coordination and support. In this respect, the legislative instruments adopted at European level establish common standards on working conditions, equal treatment, protection of health and safety at work, working time and workers' rights in specific situations, such as collective redundancies or transfers of undertakings. These directives are transposed into national legislation, which allows the diversity of social models to be maintained, but ensures a minimum level of protection throughout the European area.

A central role in implementation is played by the open method of coordination, which functions as a soft governance mechanism, based on the setting of common objectives, the development of national reform plans, the use of performance indicators and the regular assessment of progress. This method is used in areas such as employment, social inclusion, social protection and education,

where the Union's competences are limited. Through comparative assessments and the exchange of good practices, Member States are encouraged to adopt structural reforms that contribute to social convergence.

Financial instruments are a key component of European social policy. The European Social Fund Plus finances programmes aimed at increasing employment, reducing unemployment, developing skills and integrating vulnerable groups, including young people, people with disabilities and migrants. This fund supports the modernisation of public employment services, reforms in education and training and the development of digital and green skills. In parallel, the European Globalisation Adjustment Fund provides support to workers affected by major economic restructuring, and initiatives dedicated to youth employment help to ease the transition from education to the labour market.

The European social dialogue is an institutional mechanism through which social partners participate in policy-making. Agreements concluded at European level between trade union and employer organisations can be integrated into EU legislation, which gives legitimacy and efficiency to the decision-making process. At the same time, the European Semester integrates the social dimension by monitoring indicators on employment, education, poverty and inequalities, and country-specific recommendations guide national reforms.

8.3. The social dimension of the EU Development Strategy: employment, inclusion and social cohesion

The social dimension of the European Union's development strategy is aimed at achieving a competitive but inclusive economy, capable of ensuring the well-being of citizens and reducing social and territorial disparities. Employment policies aim to increase the employment rate, in particular among young people, women and older people, as well as to adapt skills to the requirements of the digital and green economy. Initiatives on lifelong learning and the devel-

opment of transversal skills contribute to increasing professional mobility and reducing the risk of social exclusion.

Social inclusion is addressed through a set of policies aimed at reducing poverty, combating discrimination and ensuring access to essential services. The European Pillar of Social Rights sets out principles on equal opportunities, fair wages, adequate social protection, access to education and healthcare. These principles are integrated into European strategies and monitored through social indicators, which reflect the evolution of living conditions and levels of well-being.

Social and territorial cohesion is achieved through cohesion policy, which aims to reduce disparities between regions and promote balanced development. Investments in infrastructure, education, innovation and social services contribute to creating economic opportunities and improving the quality of life in less developed regions. In this context, the social dimension is closely linked to the sustainable development objectives and the transition to a green and digital economy.

8.4. Current challenges and prospects of the European social model

The European social model is facing profound transformations driven by globalisation, demographic change and the technological revolution. Population ageing is putting pressure on pension and healthcare systems, requiring reforms to ensure financial sustainability and maintain the level of social protection. At the same time, digitalisation and the development of the platform economy are changing the structure of the labour market, generating new forms of employment that are not always covered by traditional social protection systems.

The persistence of economic and social inequalities between and within Member States affects social cohesion and the legitimacy of the European project. Combating poverty, ensuring access to quality education and services and promoting social mobility are essential to strengthening the social dimension of the Union. The green transition involves economic restructuring that may affect certain sec-

tors and regions, which requires the application of the concept of just transition and supporting the workers affected through retraining programmes and investment in new economic opportunities.

Another relevant aspect is labour mobility within the internal market, which requires the coordination of social security systems and ensuring equal treatment for mobile workers. At the same time, migration and the integration of migrants into the labour market represent a challenge and an opportunity for the European social model.

The prospects of the European social model depend on the Union's ability to integrate the social dimension into economic governance, to mobilise adequate financial resources and to adapt existing instruments to new economic and technological realities. Strengthening the European Pillar of Social Rights, developing skills and promoting social cohesion remain essential elements for ensuring inclusive and sustainable growth in the European Union.

? Questions for discussion and evaluation

1. How has the European Union's social policy evolved from the Treaty of Rome to the European Pillar of Social Rights?
2. What are the main legislative instruments used in the implementation of European social policy?
3. What role does the open method of coordination play in the field of employment and social inclusion?
4. How does the European Social Fund Plus contribute to achieving the EU's social objectives?
5. What is the importance of European social dialogue in the decision-making process?
6. How is the social dimension integrated into the European Semester?
7. What does the European social model mean and what are its main characteristics?
8. What are the main challenges posed by digitalization for the EU labor market?
9. How does the green transition influence social policies and employment?
10. To what extent do cohesion policies contribute to reducing social and territorial inequalities?



Bibliographic sources

1. European Commission. The European Pillar of Social Rights Action Plan. Brussels, 2021.
2. Hemerijck, Anton. Changing Welfare States. Oxford: Oxford University Press, 2018.
3. Zeitlin, Jonathan; Vanhercke, Bart. Socializing the European Semester: EU Social and Economic Policy Coordination in Crisis and Beyond. Journal of European Public Policy, 2018.

PRACTICAL APPLICATIONS



1. Test

- 1) The European social model is based on:**
 - a) Total liberalization of the labor market
 - b) Social protection and social dialogue
 - c) Reduction of workers' rights
 - d) Elimination of unions
- 2) The European Social Fund (ESF+) finances:**
 - a) Agricultural policy
 - b) Employment and social inclusion
 - c) Monetary policy
 - d) Trade policy
- 3) The European Pillar of Social Rights was proclaimed in:**
 - a) 2000
 - b) 2007
 - c) 2017
 - d) 2020
- 4) The European Semester includes:**
 - a) Monetary policy only
 - b) Coordination of economic and social policies
 - c) Foreign policy
 - d) Agricultural policy

5) The Europe 2020 strategy aimed to:

- a) Increasing unemployment
- b) Smart, sustainable and inclusive growth
- c) Reducing education
- d) Eliminating social policy

6) The indicator used to measure the risk of poverty is:

- a) GDP
- b) Inflation rate
- c) AROPE
- d) Budget deficit

7) European social dialogue involves:

- a) Governments only
- b) Social partners (trade unions and employers)
- c) Commission only
- d) Parliament only

8) EU social policy is:

- a) Exclusive competence
- b) Shared and coordination competence
- c) Monetary policy
- d) Foreign policy

9) Worker mobility is guaranteed by:

- a) Banking Union
- b) Internal Market
- c) Environmental Policy
- d) Agricultural Policy

10) The social dimension of sustainable development includes:

- a) Price stability
- b) Social inclusion and reducing inequalities
- c) Trade policy
- d) Defence policy

2. Case study (problem)

A Member State is facing high youth unemployment and an increasing risk of poverty.

Tasks:

1. Identify the EU social policy instruments that can be used.
2. Analyze the role of the ESF+ and the Youth Guarantee.
3. Propose measures to increase employment and social inclusion.
4. Indicate indicators for monitoring social progress.

3. Logic exercise (instrument – objective correlation)

Match the social policy instrument with the corresponding objective:

Tools:

ESF+
European Pillar of Social Rights
Youth Guarantee
European Semester

Objectives:

- A. Monitoring social reforms
- B. Increasing employment
- C. Protection of social rights
- D. Integration of young people into the labor market

TOPIC 9 EU SCIENCE AND TECHNOLOGY POLICY: CONTINUITY OF DEVELOPMENT

- 9.1. *Evolution of the European Union's policy in the field of science and technology*
- 9.2. *Institutional framework and funding programmes for research and innovation*
- 9.3. *Integrating research and innovation into EU development strategies*
- 9.4. *Current challenges and prospects of the European Research and Innovation Area*

The purpose of the topic

The purpose of the topic is to analyze the European Union's policy in the field of science and technology, by highlighting the evolution of the strategic framework, funding programs for research and innovation, and their role in strengthening competitiveness and sustainable development.

Learning outcomes

At the end of studying the topic, students will be able to:

- to describe the stages of evolution of EU policy in the field of science and technology;
- to identify the main European institutions and programs for funding research and innovation;
- to analyze the role of the European Research Area in the integration of national innovation systems;
- to explain the link between research, innovation and the economic competitiveness of the EU;
- to assess the current challenges of technological development in the European Union.

9.1. Evolution of European Union policy in the field of science and technology

The European Union's science and technology policy has gradually developed in response to two structural needs: on the one hand,

reducing the fragmentation of European research (dispersed funding, non-harmonised infrastructures and standards, limited mobility of researchers), and on the other hand, increasing the competitiveness of European economies in a global environment in which innovation and advanced technologies were becoming the main determinants of productivity and economic power. In the early stages of integration, research had a rather sectoral role (for example, in strategic areas such as nuclear energy or certain industrial programmes), but with the maturation of the internal market, research and development began to be treated as a horizontal policy, capable of supporting both competitiveness and social and environmental objectives.

A defining moment for the institutionalisation of European research policy was the launch of the Framework Programmes, which began in 1984 and created a stable instrument for multi-annual planning, competitive funding and transnational cooperation. These programmes evolved from supporting predominantly technological research projects towards an architecture combining scientific excellence, market-oriented innovation and addressing societal challenges. The transition towards the logic of “innovation” as an explicit priority became particularly visible during Horizon 2020 (2014–2020) and was consolidated in Horizon Europe (2021–2027), the current framework programme.

In parallel with the framework programmes, the Union has sought to build a common research area, reducing institutional barriers between states. This is how the concept of the European Research Area (ERA) emerged, expressing the ambition that researchers, knowledge and technologies should circulate more freely, and that investments and infrastructures should be interconnected at European level. In recent years, this ambition has been renewed in the form of a “Pact for Research and Innovation” and multiannual policy agendas dedicated to the ERA.

The evolution of EU science and technology policy must also be understood in terms of the broadening of its objectives: from industrial and technological development to an increasingly strategic role in the green and digital transition, in economic security, in the resilience of supply chains and in open strategic autonomy. In this logic,

research and innovation become not only a growth engine, but also a governance tool: through standards, targeted public investments, public-private partnerships and innovation policies aimed at reducing the gaps between regions and national systems.

9.2. Institutional framework and funding programs for research and innovation

The institutional framework of EU research and innovation policy is built on a functional relationship between European institutions and national research ecosystems. The European Commission has the role of initiator and coordinator: it develops programmes, launches calls, manages competitive evaluation and monitors implementation. The EU Council and the European Parliament define political guidelines and approve the budgets and regulations of the programmes. At the implementation level, an important role is played by executive agencies and specialised structures that implement calls, manage grants and monitor performance.

The key funding programme is Horizon Europe (2021–2027), presented by the Commission as the EU's main financial instrument for research and innovation, with an updated indicative budget (following the revisions of the financial framework) of €93.5 billion. In practice, Horizon Europe operates through competitive calls and an architecture that combines excellence, societal challenges and market-oriented innovation, including missions, partnerships and technology transfer instruments.

Within this ecosystem, there are institutions and programs with distinct roles:

A pillar of excellence and scientific autonomy is the European Research Council (ERC), focused on frontier research, and its complementary Proof of Concept grants, which support the exploration of the potential for capitalizing on research results (usually in the early stages of transfer to use).

On the innovation and growth dimension of companies, the EU has created the European Innovation Council (EIC), which finances the

entire chain from scientific idea to market scaling. The EIC includes instruments such as Pathfinder (visionary, high-risk/high-gain research), Transition (maturing results into validated prototypes) and Accelerator (support for scale-up, including blended financing, depending on the scheme and call).

Another relevant institutional actor is the European Institute of Innovation and Technology (EIT), which operates through knowledge and innovation communities (KICs), connecting universities, industry and public authorities and stimulating applied innovation, entrepreneurial training and regional partnerships (this mechanism is especially important for emerging ecosystems and for reducing innovation gaps).

Overall, the EU institutional framework combines: (1) competitive funding of excellence, (2) funding oriented towards missions and challenges, (3) innovation and transfer instruments, (4) research infrastructures and networks, as well as (5) association mechanisms with third countries, which broadens the space for European scientific cooperation.

9.3. Integrating research and innovation into EU development strategies

The integration of research and innovation into the development strategies of the European Union reflects a conceptual shift: from treating research as an autonomous field (funded for “scientific progress” in itself) to treating research and innovation as an infrastructure of economic and social transformation. In this logic, research is connected to strategic objectives: competitiveness, productivity, green transition, digital transition, public health, economic resilience and territorial cohesion.

Horizon Europe is explicitly linked to global goals such as the UN 2030 Agenda and to European commitments for structural transformation, including in the field of climate and sustainable development, but also to strengthening the EU’s competitiveness. Integration occurs through mechanisms such as:

✓ European missions, which focuses funding and actors around measurable objectives (e.g. climate adaptation, health, smart and climate-neutral cities, etc.), transforming research into a results-oriented public policy tool.

✓ European partnerships (public-public and public-private), which align EU investments with national and industrial ones, reducing duplication and increasing critical mass in strategic areas.

✓ Synergies with cohesion policy, through which innovation also becomes a regional development tool: smart specialization strategies, regional infrastructures, digitalization and skills training can be connected to European-funded projects and networks.

The integration of research and innovation into strategies is also manifested through industrial and competitiveness policies, where the EU aims not only to generate knowledge, but also to strengthen its production capacities and value chains (from microelectronics to green energy, from biotechnology to AI). In this regard, research becomes a component of “economic security”: access to critical technologies, standards, intellectual property, the capacity to scale innovation and the reduction of dependencies.

In terms of governance, integration is also achieved through macro-coordination instruments, including monitoring of R&I investments, researcher mobility, innovative performance and transfer to the economy. Here, the role of ERA becomes complementary: if Horizon Europe funds projects, ERA aims to reform the “system” in which these projects operate (academic careers, evaluation, open data, infrastructures, gender equity, reducing disparities).

9.4. Current challenges and prospects of the European Research and Innovation Area

The European Research Area (ERA) is conceived as a framework for the structural integration of European research, and its current challenges derive from the tension between the ambition of a “single market for knowledge” and the institutional realities of the Member States: differences in public funding, administrative capacity, infra-

structures, attractiveness of academic careers, as well as regional disparities (centre–periphery) in innovation. For this reason, the EU has adopted a pragmatic approach: the ERA operates through voluntary policies, “variable geometries” and joint actions, which seek to mobilize states, associated countries and relevant actors around shared priorities.

A key recent tool is the ERA Policy Agenda 2025–2027, a multi-annual agenda that translates the R&I Pact priorities into concrete and coordinated activities, built on a mix of structural policies and actions with deliverables by 2027. This type of agenda indicates the maturation of ERA: the focus is shifting from general formulations to operational reforms and coordinated implementation.

The current challenges can be grouped into several major directions. First, the problem of fragmentation persists: national ecosystems have different funding and evaluation rules, and the mobility of researchers is often limited by administrative barriers and the lack of standardized recognition of skills and careers. Second, there is increasing pressure for transfer and impact, which requires strengthening the links between universities, institutes, industry and the public sector; here appears the “valley of death” between research and the market, which the EU is trying to reduce through the EIC, ERC PoC and innovation instruments.

Third, geopolitical and economic challenges increase the importance of critical technologies and resilience: ERA and R&I policies need to combine scientific openness (international cooperation) with the protection of strategic interests (dependencies, research security, technology export control, IP protection). Fourth, the green and digital transition requires large investments, new skills and modern infrastructure; and differences between countries in their capacity to invest can amplify the gaps, which makes ERA increasingly include sustainability objectives, research cohesion and reducing the “innovation divide”.

The prospects of the ERA depend on several conditions: prioritising R&I in public budgets, improving coordination between EU funds (Horizon, cohesion, industrial instruments), reforming the way scientific work is assessed (quality, openness, reproducibility, impact),

developing data infrastructures and open science, and strengthening researchers' careers in terms of attractiveness and predictability. In this context, the ERA 2025–2027 offers a realistic horizon for incremental reform, while discussions on the next Framework Programme after 2027 (the future FP) can further strengthen the coherence between funding and system reform.

? Questions for discussion and evaluation

1. How has the European Union's science and technology policy evolved from the first framework programs to Horizon Europe?
2. What are the main objectives of the European Research Area and what problems does it try to solve?
3. What role do framework programmes play in integrating national research systems and stimulating transnational cooperation?
4. What is the difference between frontier research funded by the ERC and the innovation-oriented instruments of the EIC?
5. How does the European Institute of Innovation and Technology contribute to connecting academia with the economic sector?
6. How are research and innovation integrated into the EU's sustainable and digital development strategies?
7. What does the concept of "European missions" mean within Horizon Europe?
8. What are the main challenges related to the fragmentation of research systems in the European Union?
9. How do the green and digital transitions influence the priorities of European research and innovation policy?
10. To what extent do EU science and technology policies contribute to global competitiveness and strategic autonomy?

Bibliographic sources

1. European Commission. Horizon Europe – Strategic Plan 2021–2024. Brussels, 2021.
2. European Commission. European Research Area Policy Agenda 2025–2027. Brussels, 2024.

3. Mazzucato, Mariana. Mission Economy: A Moonshot Guide to Changing Capitalism. London: Penguin, 2021.
4. European Commission. (2023). The European Research Area: A new ERA for Research and Innovation. Brussels.
5. Frangopol, PT (2016). Mediocrity and Excellence. An X-ray of Science and Education in Romania. Bucharest: Curtea Veche.
6. David, D. (2015). Psychology of the Romanian People. Iași: Polirom.
7. Cujba, R. (2019). Management of the research, development and innovation system. Chișinău: UTM.

PRACTICAL APPLICATIONS

☒ 1. Test

1) The European Union's research and innovation policy is mainly coordinated through

- a) Common Agricultural Policy
- b) Framework Programmes for Research and Innovation
- c) Economic and Monetary Union
- d) Schengen Area

2) The Horizon Europe program represents

- a) A regional development fund
- b) The EU's main funding programme for research and innovation
- c) A social policy instrument
- d) A cultural initiative

3) The European Research Area aims to

- a) Creating a common fiscal policy
- b) Integrating national research systems
- c) Eliminating researcher mobility
- d) Reducing scientific cooperation

4) The European Innovation Council has the role of

- a) Monetary regulation
- b) Supporting cutting-edge innovation and technological start-ups
- c) Managing agricultural policy
- d) Monitoring the budget deficit

5) The mobility of researchers in the EU is facilitated by

- a) Cohesion Policy
- b) Marie Skłodowska-Curiosity Actions
- c) Common Commercial Policy
- d) LIFE Programme

6) The concept of the “triple helix” refers to the cooperation between

- a) States, regions and cities
- b) Universities, industry and public authorities
- c) Parliaments, governments and courts
- d) Agriculture, industry and services

7) The European Union promotes innovation through

- a) Reducing investment in research
- b) Creating the digital single market
- c) Limiting international cooperation
- d) Eliminating public funding

8) EU science and technology policy contributes to

- a) Increasing economic competitiveness
- b) Reducing education
- c) Eliminating SMEs
- d) Isolating the internal market

9) The tool used to assess innovation performance in Member States is

- a) Stability and Growth Pact
- b) European Innovation Scoreboard
- c) European Semester
- d) Water Framework Directive

10) The integration of research and innovation into EU strategies is linked to

- a) Defence policy
- b) Green and digital transition
- c) Agricultural policy
- d) Customs union

2. Case study

A university in a Member State wishes to participate in a Horizon Europe project in partnership with a technology company and a local public authority.

Tasks:

1. Analyze the existing type of cooperation and explain the role of the “triple helix” model.
2. Identify the advantages of participating in European research programs for the university, economy and society.
3. Propose indicators for assessing the impact of the project on regional innovation.
4. Examine challenges related to financing, institutional capacity, and technology transfer.

3. Logic exercise (correlation)

Match the EU research and innovation policy instrument with its function:

Instruments:

Horizon Europe
Marie Skłodowska-Curie Actions
European Innovation Council
European Research Area

Functions:

Supporting researcher mobility and training
Financing research and innovation projects
Integrating national research systems
Supporting cutting-edge innovation and technological start-ups

TOPIC 10

EDUCATION AND CULTURE POLICY: CLASSIFICATION, BALANCE AND IMPLEMENTATION PARAMETERS

10.1. *Evolution and conceptual framework of the European Union policy in the field of education and culture*

10.2. *European instruments and programmes for education and culture: implementation mechanisms*

10.3. *The balance between EU and Member State competences and the impact on European identity*

The purpose of the topic

The purpose of the topic is to analyze the European Union's policy in the field of education and culture, by highlighting the conceptual framework, implementation tools and programs, as well as their role in strengthening European identity and cooperation between member states.

Learning outcomes

At the end of studying the topic, students will be able to:

- to describe the evolution and principles of EU policy in the field of education and culture;
- to identify the main European programs and instruments of educational and cultural cooperation;
- to explain the relationship between the competences of the EU and those of the Member States in these areas;
- to analyze the role of education and culture in the formation of European identity;
- to evaluate the impact of European programs on academic mobility and cultural exchanges.

10.1. The evolution and conceptual framework of European Union policy in the field of education and culture

The European Union's policy in the field of education and culture has gradually developed in the context of deepening European integration and the transformation of the industrial economy

into a knowledge-based economy. Unlike economic policies, where the Union has developed extensive competences and harmonisation mechanisms, in the field of education and culture competences remain mainly at national level, and the Union's role is to coordinate, support and complement the actions of the Member States. This institutional architecture reflects the principle of subsidiarity and the need to protect linguistic, cultural and pedagogical diversity, which is an essential element of European identity.

The first forms of cooperation in the field of education emerged in the 1970s, when Member States recognised that labour mobility and the functioning of the common market required the recognition of diplomas and the comparability of training systems. At this stage, cooperation was informal and intergovernmental in nature. Later, the Single European Act introduced the dimension of vocational training as a tool for adapting skills to the requirements of the internal market, and the Maastricht Treaty provided an explicit legal basis for Union action in the field of education, setting objectives such as developing the European dimension of education, promoting mobility and cooperation between institutions.

In parallel, culture was recognised as a supporting area of competence, with the Union having the role of encouraging cultural cooperation, protecting heritage and promoting cultural diversity. This approach was reinforced by the Lisbon Treaty, which reaffirmed the importance of culture in promoting European identity and intercultural dialogue.

Conceptually, European education and culture policy is closely linked to the Union's economic and social development strategies. In the Lisbon Strategy and later in the Europe 2020 Strategy, education was defined as a central factor for competitiveness, innovation and social cohesion. Education and vocational training are considered essential tools for developing human capital, reducing unemployment and adapting to digital and ecological transformations. At the same time, culture is perceived as an economic sector (creative industries), but also as a tool for strengthening social cohesion and European values.

The Bologna Process contributed to the creation of the European Higher Education Area, based on the cycle structure, the system of

transferable credits and quality assurance mechanisms. This process, although formally intergovernmental, is closely linked to EU policies and has allowed the creation of a compatible educational infrastructure at European level.

Thus, the conceptual framework of EU policy in education and culture is based on three dimensions: developing human capital for the knowledge economy, promoting social cohesion, and strengthening European identity through intercultural dialogue and mobility.

10.2. European instruments and programmes for education and culture: implementation mechanisms

The implementation of European policy in the field of education and culture is achieved through a set of financial instruments, coordination mechanisms and technical tools for recognition and comparability. The central programme is Erasmus+, which is the main funding instrument for academic mobility, institutional cooperation, pedagogical innovation and skills development. Through the mobility of students, teachers and administrative staff, Erasmus+ contributes to the creation of an integrated European educational area, in which international experience becomes part of academic training.

In addition to mobility, the programme supports alliances between universities, strategic partnerships and educational innovation projects, which facilitate the development of joint study programmes, digital teaching methods and cooperation with the business environment. The European Universities Initiative represents an important step towards the institutional integration of higher education, by creating transnational consortia offering joint programmes, flexible mobility and integrated research.

Technical tools play a key role in implementation. The European Qualifications Framework allows for the comparison of educational levels, facilitating the recognition of diplomas and professional mobility. The ECTS system ensures the transfer and accumulation of credits, and quality assurance tools contribute to the transparency and comparability of study programmes.

In the field of culture, European programmes support cooperation between cultural institutions, the mobility of artists, the digitisation of heritage and the development of creative industries. The European Capitals of Culture initiative promotes cultural diversity and urban development through culture, and heritage protection programmes contribute to the preservation of European identity.

The open method of coordination is used to set common objectives in education and culture, such as reducing early school leaving, increasing participation in tertiary education and developing digital skills. By exchanging good practices and monitoring indicators, Member States are encouraged to adopt reforms that contribute to the convergence of education systems.

Structural Funds complement these programmes, financing the modernisation of educational infrastructure, the digitalisation of schools and the development of skills. Thus, the implementation of EU policy in education and culture is based on a combination of mobility, institutional cooperation, common standards and investment.

10.3. The balance between EU and Member State competences and the impact on European identity

The balance between the competences of the Union and those of the Member States is a defining feature of education and culture policy. The Union cannot harmonise education systems, and the content of study programmes and institutional organisation remain at national level. However, through mobility programmes, recognition instruments and coordination mechanisms, the Union influences strategic orientations and promotes convergence of objectives.

This multilevel governance model allows for the maintenance of cultural and linguistic diversity, while creating a common educational and cultural space. Academic mobility and institutional cooperation contribute to the formation of a generation of citizens with European experience, capable of operating in an intercultural context. In this sense, education becomes a tool for strengthening European identity, complementary to national identities.

Culture plays a key role in promoting European values such as pluralism, tolerance and intercultural dialogue. European cultural programmes support artistic cooperation, the circulation of works and access to heritage, contributing to the creation of a European cultural area. At the same time, there are challenges related to unequal access to mobility, differences between education systems and tensions between globalisation and the protection of national identities.

The impact on European identity is manifested through the development of intercultural competences, democratic values and a sense of belonging to a community based on knowledge and diversity. Education and culture thus become instruments of social cohesion and legitimacy of the European project, contributing to the formation of a common space of values and mobility.

? Questions for discussion and evaluation

1. What is the specificity of the European Union's policy in the field of education and culture in relation to other European policies?
2. Why are the EU's competences in education and culture limited and how does the subsidiarity principle apply in these areas?
3. How did the Maastricht Treaty contribute to the development of the European dimension of education?
4. What is the role of the Bologna Process in creating the European Higher Education Area?
5. How do European instruments (ECTS, European Qualifications Framework) facilitate academic and professional mobility?
6. What are the main objectives of the Erasmus+ program and what impact does it have on European integration?
7. How do European cultural programmes contribute to strengthening European identity?
8. How is education integrated into the EU's economic and social development strategies?
9. What are the main challenges related to unequal access to educational mobility and cooperation in the EU?
10. To what extent can education and culture be considered soft power instruments of the European Union?



Bibliographic sources

1. European Commission. (2021). European Education Area by 2025. Brussels.
2. European Commission. (2020). Achieving the European Education Area by 2025. Brussels.
3. European Commission. (2021). Erasmus+ Program Guide. Brussels. European Commission. (2018). New European Agenda for Culture. Brussels.
4. Council of the European Union. (2021). Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021–2030).
5. Dale, R., & Robertson, S. (2009). Globalization and Europeanization in Education. Oxford: Symposium Books.
6. Corbett, A. (2005). Universities and the Europe of Knowledge: Ideas, Institutions and Policy Entrepreneurship in European Union Higher Education Policy. Basingstoke: Palgrave Macmillan.
7. Miroiu, A. (2011). Public policies. Iași: Polirom.
8. Marga, A. (2005). European University. Cluj-Napoca: Publishing House of the Foundation for European Studies.
9. Popescu, M. (2009). Innovation Management. Braşov: Transilvania University Publishing House.

PRACTICAL APPLICATIONS



1. Test

1) The European Union's competences in the field of education are mainly

- a) full legislative harmonization
- b) coordination and support
- c) exclusive competence
- d) fiscal competence

2) The Erasmus+ program has as its main objective

- a) financing agricultural policy
- b) supporting educational mobility and academic cooperation
- c) developing monetary policy
- d) environmental protection

- 3) The Bologna Process aims to**
- a) creation of the customs union
 - b) achievement of the European Higher Education Area
 - c) harmonization of fiscal policy
 - d) creation of the internal market
- 4) The ECTS system facilitates**
- a) cohesion policy
 - b) recognition of academic credits
 - c) trade policy
 - d) research funding
- 5) The European Qualifications Framework has the role of**
- a) monetary standardization
 - b) comparison of skill levels
 - c) agricultural regulation
 - d) establishment of trade quotas
- 6) The Creative Europe Programme supports**
- a) energy policy
 - b) cultural and creative sectors
 - c) monetary policy
 - d) defense policy
- 7) The principle of subsidiarity in education implies**
- a) decision exclusively at EU level
 - b) primary responsibility of member states
 - c) elimination of national policies
 - d) mandatory harmonisation
- 8) The European dimension of education includes**
- a) standardization of languages
 - b) promotion of mobility and cooperation
 - c) elimination of cultural diversity
 - d) centralization of the curriculum
- 9) Education contributes to**
- a) reduction of innovation
 - b) increase of competitiveness and social cohesion

- c) economic isolation
- d) reduction of mobility

10) EU cultural policy aims to

- a) standardization of national cultures
- b) protection of European cultural diversity
- c) elimination of cultural heritage
- d) centralization of education

2. Case study

A university from the Republic of Moldova participates in Erasmus+ projects and implements the ECTS system for the recognition of diplomas.

1. Analyze the impact of these instruments on the internationalization of the institution.
2. Explain the role of educational cooperation in strengthening European identity.
3. Identify the benefits for students, teachers and the labor market.
4. Propose indicators for assessing the quality and efficiency of implementation.

3. Logic exercise (correlation)

Correlate the educational and cultural policy instrument with its function:

Tools:

Erasmus+ECTS
European Qualifications Framework
Creative Europe

Functions:

Comparison of qualification levels
Recognition of academic credits
Supporting educational mobility
Funding the cultural and creative sectors

TOPIC 11

MAIN DIRECTIONS OF EU POLICY IN SOLVING ENVIRONMENTAL PROBLEMS: MAIN IMPLEMENTATION STAGES AND PARAMETERS

- 11.1. *The evolution of the European Union's environmental policy and the regulatory framework*
- 11.2. *The fundamental principles of environmental policy and the integration of sustainable development into the action of the European Union*
- 11.3. *Instruments and mechanisms for implementing environmental policy at European level*
- 11.4. *Current challenges and the role of the European Green Deal in transforming the development model*

The purpose of the topic

The purpose of the topic is to analyze the European Union's environmental policy, by highlighting the evolution of the regulatory framework, the principles and implementation tools, as well as its role in promoting sustainable development and the green transition.

Learning outcomes

At the end of studying the topic, students will be able to:

- describe the stages of evolution of the European Union's environmental policy;
- identify the fundamental principles of European environmental policy;
- to analyze the instruments and implementation mechanisms at European and national level;
- explain the role of the European Green Deal in transforming the development model;
- to assess the main challenges of environmental protection in the context of European integration.

11.1. The evolution of the European Union's environmental policy and the regulatory framework

The evolution of the European Union's environmental policy reflects the gradual transformation of environmental protection from a marginal area of economic cooperation into a fundamental policy, integrated into all the Union's development strategies. In the early stages of European integration, the founding treaties did not contain explicit provisions on the environment, and concerns were focused on the completion of the common market and economic growth. However, accelerated industrialisation, cross-border pollution and pressures on natural resources have demonstrated that environmental problems cannot be managed exclusively at national level and that a common approach is needed.

A decisive moment in the institutionalisation of environmental policy was the adoption of the first Environment Action Programme in 1973, which set out the basic principles of environmental protection at European level and introduced the idea of integrating environmental considerations into other policies. These action programmes became strategic medium-term planning instruments, defining the Union's objectives and priorities in areas such as air quality, waste management, water protection and biodiversity conservation.

The Single European Act of 1986 provided for the first time an explicit legal basis for environmental policy, enshrining the principles of prevention, correction of pollution at source and the responsibility of the polluter. This treaty allowed the adoption of European environmental legislation and introduced qualified majority voting in the Council for certain measures, facilitating the decision-making process.

The Maastricht Treaty consolidated environmental policy as one of the Community policies, setting objectives such as environmental protection, prudent use of natural resources and promotion of measures at international level to combat climate change. Subsequently, the Amsterdam Treaty introduced the principle of environmental integration into all Union policies, and the Lisbon Treaty reaffirmed sustainable development as a fundamental objective of the Union and strengthened the Union's role in combating climate change.

The regulatory framework for environmental policy consists of a set of directives, regulations and decisions that set standards for air and water quality, waste management, nature protection and the control of hazardous substances. The Water Framework Directive, air quality legislation, the Natura 2000 network and the circular economy regulations are central elements of this framework. These legal acts are complemented by monitoring, evaluation and sanctioning mechanisms, which ensure uniform application of the rules in the Member States.

The European Union's environmental policy has evolved from a sectoral approach, focused on pollution control, to a systemic one, oriented towards sustainable development and ecological transition. In this context, the environment is no longer treated as a separate field, but as a cross-cutting dimension influencing energy, agricultural, industrial and transport policy. The integration of environmental objectives into all European policies reflects the recognition of the interdependence between environmental protection, economic growth and social well-being.

Thus, the evolution of the European Union's environmental policy highlights the transition from intergovernmental cooperation to a complex regulatory framework and multilevel governance mechanisms, in which European institutions, Member States and non-state actors participate in the development and implementation of measures. This transformation has allowed the Union to become a global actor in the field of environmental protection and combating climate change, promoting high standards and sustainable development models.

11.2. Fundamental principles of environmental policy and the integration of sustainable development into the action of the European Union

The fundamental principles of the European Union's environmental policy constitute the normative and conceptual basis for European action in the field of environmental protection and the transition towards a sustainable development model. These principles

are enshrined in the Union Treaties and reflect both the experience gained in managing environmental problems at European level and the Union's international commitments in the field of climate change and the conservation of natural resources.

A central principle is the principle of prevention, which involves avoiding environmental damage before it occurs. This principle is based on the idea that prevention is more effective and less expensive than remediation. In practice, it is reflected in environmental impact assessments, industrial emission regulations and air and water quality standards. By applying this principle, European policies aim to reduce environmental risks from the planning stage of economic activities.

Closely linked to prevention is the precautionary principle, which allows protective measures to be taken even in the absence of full scientific certainty about the risks to the environment or human health. This principle is essential in areas such as the management of chemicals, the protection of biodiversity and the use of genetically modified organisms, where scientific uncertainties can have major long-term consequences. By applying the precautionary principle, the Union adopts an anticipatory and prudent approach to risk management.

The polluter pays principle is another fundamental element of European environmental policy and involves holding economic actors accountable for the costs of pollution. This principle has an important economic dimension, as it internalises environmental costs in the prices of products and services, stimulating the adoption of cleaner technologies and sustainable production models. Instruments such as environmental taxes, emissions trading schemes and extended producer responsibility regulations reflect the application of this principle.

The principle of correcting pollution at source emphasizes the need to intervene directly on the causes of pollution, rather than on its effects. In this regard, European policies promote clean technologies, energy efficiency and the circular economy, reducing dependence on non-renewable resources and limiting waste generation.

The integration of sustainable development into the action of the European Union represents a cross-cutting dimension of environmental policy. Sustainable development is defined as a development model

that ensures that the needs of present generations are met without compromising the ability of future generations to meet their own needs. In the European context, this concept implies a balance between economic growth, environmental protection and social cohesion. The Lisbon Treaty enshrines sustainable development as a fundamental objective of the Union, and the European Green Deal transforms this principle into an operational strategy, oriented towards climate neutrality, a circular economy and the protection of biodiversity.

The integration of environmental considerations into all Union policies is an essential mechanism for achieving sustainable development. Thus, energy policy promotes renewable sources and energy efficiency, agricultural policy integrates environmentally friendly practices, and industrial policy supports green innovation. This cross-cutting approach reflects the recognition of the interdependence between the natural environment and economic development.

At the same time, sustainable development also has a global dimension, with the European Union being a major player in international agreements on climate and biodiversity. Through high standards and promoting international cooperation, the Union contributes to strengthening global environmental governance.

The fundamental principles of European environmental policy and the integration of sustainable development into Union action constitute a coherent framework guiding legislation, sectoral policies and implementation mechanisms. These principles have not only a normative but also a transformative function, contributing to the reconfiguration of the European development model towards one based on sustainability, resource efficiency and responsibility towards future generations.

11.3. Instruments and mechanisms for implementing environmental policy at European level

The implementation of the European Union's environmental policy is achieved through a complex set of legal, economic, financial and institutional instruments, reflecting the multilevel nature of Euro-

pean governance. These instruments are designed to ensure the uniform application of environmental standards in all Member States, to stimulate structural changes in the economy and to promote the transition towards a sustainable development model.

Legal instruments are the normative basis of environmental policy. The Union adopts directives, regulations and decisions that set standards on air and water quality, waste management, biodiversity protection, industrial emission control and the use of chemicals. Directives set binding objectives for Member States, leaving them free to choose the implementation methods, while regulations are directly applicable. This normative framework is supported by monitoring mechanisms and infringement procedures, through which the European Commission can take action against Member States that do not comply with environmental legislation.

Economic instruments play an important role, internalising environmental costs and stimulating the adoption of less polluting technologies. The European Emissions Trading System is the main instrument for reducing greenhouse gas emissions, introducing a market mechanism that encourages emission reductions where costs are lower. Environmental taxes, support schemes for renewable energy and extended producer responsibility mechanisms contribute to changing economic behaviour and promoting the circular economy.

Financial instruments complement the regulatory framework, providing the necessary resources for the implementation of environmental measures. The European Structural and Investment Funds finance infrastructure projects for waste management, wastewater treatment, energy efficiency and biodiversity protection. The LIFE programme is specifically dedicated to environmental and climate projects, supporting innovation and the exchange of good practices. The Just Transition Mechanism provides support to regions affected by decarbonisation, facilitating economic and social adaptation.

Institutional mechanisms ensure coordination between the European, national and local levels. The European Commission acts as a legislative initiator and monitor of implementation, while the European Environment Agency provides data, analysis and indicators on the state of the environment. Member States are responsible for

transposing legislation and implementing measures at national level, and regional and local authorities play an important role in implementing projects.

Another essential element is the integration of environmental policy into other sectoral policies, such as energy, transport, agriculture and industry. This cross-cutting approach ensures coherence between environmental and economic objectives, avoiding the transfer of environmental problems from one sector to another. In this context, environmental impact assessments and strategic environmental assessments are used to analyse the effects of policies and projects before implementation.

Public participation and access to information are also important implementation mechanisms. Through public consultations, transparency and the involvement of civil society, the Union promotes participatory governance in the environmental field. This is reinforced by the implementation of the Aarhus Convention, which guarantees access to information, participation in decision-making and access to justice in environmental matters.

Overall, the instruments and mechanisms for implementing European environmental policy form an integrated system, combining legal regulation, economic incentives, financing and institutional coordination. This system allows the Union to ensure a high level of environmental protection, promote eco-innovation and contribute to the achievement of sustainable development objectives.

11.4. Current challenges and the role of the European Green Deal in transforming the development model

The current challenges of the European Union's environmental policy are determined by the complexity of the global ecological crisis and the need to transform the traditional economic model into a sustainable one, based on resource efficiency, decarbonization and the protection of natural capital. Climate change is the main challenge, affecting all economic sectors and food, energy and social security. The increasing frequency of extreme weather events, soil degrada-

tion, biodiversity loss and air and water pollution require the adoption of integrated and coherent policies at European level.

In this context, the European Green Deal represents the strategic framework that redefines the Union's development model. It is not just an environmental policy, but a climate-neutral economic growth strategy that aims to transform the energy, industrial, agricultural and transport structure. The main objective is to achieve climate neutrality by 2050, by reducing greenhouse gas emissions, increasing the share of renewable energy and improving energy efficiency.

A central element of the Green Deal is the energy transition, which involves decarbonising the energy system, developing renewable sources and reducing dependence on fossil fuels. This transformation requires significant investments in infrastructure, innovative technologies and smart grids, as well as reforms of energy markets. At the same time, the Green Deal promotes the circular economy, waste reduction and resource reuse, contributing to reducing pressure on the environment and increasing the competitiveness of the European economy.

The agricultural sector is also targeted by the "Farm to Fork" strategy, which aims to reduce the use of pesticides and chemical fertilizers, promote organic farming and ensure sustainable food systems. Protecting biodiversity is another priority, through the expansion of protected areas and the restoration of degraded ecosystems.

However, implementing the Green Deal involves economic and social challenges. The transition to a low-carbon economy may affect certain industrial sectors and regions dependent on fossil fuels, generating risks of job losses and increasing regional inequalities. To mitigate these effects, the Union has created the Just Transition Mechanism, which provides financial and technical support to the affected regions, facilitating economic diversification and retraining of the workforce.

Another major challenge is ensuring coherence between environmental and economic objectives, as well as mobilising the financial resources needed for the green transition. Integrating environmental objectives into all Union policies, including industrial, transport and cohesion policy, is essential for the success of this transformation.

The Green Deal also has a global dimension, with the European Union promoting high environmental standards in international relations and trade agreements. Through mechanisms such as carbon border adjustment, the Union aims to prevent carbon leakage and stimulate the global green transition.

The European Green Deal is a strategic framework that integrates environmental objectives into the Union's economic and social development model. It transforms environmental policy into a driver of innovation, competitiveness and social cohesion, contributing to achieving a climate-neutral economy and protecting natural capital for future generations.

? Questions for discussion and evaluation

1. What are the main stages in the evolution of the European Union's environmental policy and how have the treaties influenced this evolution?
2. How are the principles of prevention and precaution reflected in European environmental legislation?
3. What role does the "polluter pays" principle play in the use of environmental economic instruments?
4. What are the differences between the legal and economic instruments of EU environmental policy?
5. How do the European emissions trading system work and what impact does it have on decarbonization?
6. What is the role of the LIFE program and the structural funds in the implementation of environmental policy?
7. How does the European Green Deal contribute to transforming the Union's economic model?
8. What does the concept of just transition mean and why is it important for regions dependent on fossil fuels?
9. How is environmental policy integrated into other European policies, such as agriculture, energy and transport?
10. To what extent can the European Union influence global governance of the environment and climate change?



Bibliographic sources

1. European Commission. (2019). The European Green Deal. Brussels.
2. European Commission. (2021). Fit for 55 Package. Brussels.
3. European Environment Agency. (2023). The European Environment – State and Outlook 2023. Copenhagen.
4. European Commission. (2020). EU Biodiversity Strategy for 2030. Brussels.
5. European Commission. (2020). A new Circular Economy Action Plan. Brussels.
6. Dupont, C., & Oberthür, S. (2023). The European Green Deal: Transforming the EU's climate and environmental policy. London: Routledge.
7. Jordan, A., & Adelle, C. (2022). Environmental Policy in the European Union: Contexts, Actors and Policy Dynamics. London: Routledge.
8. Peel, J., & Osofsky, H. (2021). Climate Change Litigation and Governance. Cambridge: Cambridge University Press.

PRACTICAL APPLICATIONS



1. Test

1) Which treaty first introduced the legal basis for EU environmental policy?

- a) Treaty of Rome
- b) Single European Act
- c) Treaty of Maastricht
- d) Treaty of Lisbon

2) The “polluter pays” principle implies:

- a) Subsidizing polluting industry
- b) Internalizing environmental costs
- c) Prohibition of environmental taxes
- d) Reduction of environmental standards

3) Which instrument is the main market mechanism for reducing emissions in the EU?

- a) Water Framework Directive
- b) LIFE Programme

- c) EU ETS
- d) Natura 2000

4) The European Green Deal aims to:

- a) Increasing the use of fossil fuels
- b) Climate neutrality by 2050
- c) Reducing biodiversity protection
- d) Eliminating renewable energy

5) The LIFE Programme is dedicated to:

- a) Agriculture
- b) Environment and climate
- c) Transport
- d) Education

6) The Natura 2000 network aims to:

- a) Industrial development
- b) Biodiversity protection
- c) Emissions trading
- d) Infrastructure modernization

7) Environmental impact assessment applies:

- a) After project implementation
- b) In the planning phase
- c) Only for national projects
- d) Only for agriculture

8) The circular economy aims to:

- a) Increasing waste
- b) Reusing resources
- c) Linear consumption
- d) Importing raw materials

9) The Just Transition Mechanism supports:

- a) Rich regions
- b) Regions affected by decarbonization
- c) Only the financial sector
- d) Only organic farming

10) The precautionary principle applies when:

- a) There is complete scientific certainty
- b) There is no risk to the environment
- c) There is uncertainty about the risks
- d) The costs are too high



2. Case study

A region in a Member State relies on coal for 70% of its energy production. According to the Green Deal objectives, the plant must be closed by 2030.

Tasks:

1. Analyze the economic, social and environmental impact of this decision.
2. Identify which EU environmental policy instruments can be used to support the region's transition.
3. Propose a plan of measures for a just transition (new jobs, retraining, investments).
4. Indicate indicators by which the success of the transition can be monitored.



3. Logic exercise (correlation)

Match the environmental policy principle with the corresponding instrument:

Principles:

- Prevention
- "The polluter pays"
- Due diligence
- Correction at source

Instruments:

- A. EU ETS
- B. Environmental Impact Assessment
- C. Hazardous Substances Regulations
- D. Clean Technologies and Emission Standards

TOPIC 12

EU ENERGY POLICY: DEVELOPING STRATEGIES, FORMING THE ENERGY MARKET AND ENSURING ENERGY SECURITY OF MEMBER STATES

- 12.1. *The evolution of the European Union's energy policy and the strategic framework*
- 12.2. *Formation of the internal energy market: liberalization, interconnectivity and regulation*
- 12.3. *Energy security of the European Union: diversification of sources, solidarity and resilience*
- 12.4. *Energy transition and the role of renewable sources in the context of the European Green Deal*

The purpose of the topic

The purpose of the topic is to analyze the energy policy of the European Union, by highlighting the evolution of the strategic framework, the mechanisms for forming the internal energy market and the instruments used to ensure energy security and achieve the transition to renewable sources.

Learning outcomes

At the end of studying the topic, students will be able to:

- describe the stages of evolution of the European Union's energy policy;
- to analyze the functioning mechanisms of the internal energy market;
- explain the concept of energy security and the tools to achieve it;
- to evaluate the role of renewable sources in the European energy transition;
- to identify the main challenges of energy policy in the current context.

12.1. The evolution of the European Union's energy policy and the strategic framework

The European Union's energy policy has gradually emerged, against the backdrop of the growing interdependence between secu-

rity of supply, economic competitiveness and environmental objectives. In the early stages of European integration, energy was not approached as a unitary policy, although two sectoral communities – the European Coal and Steel Community and Euratom – played a key role in managing strategic energy resources in the post-war period. These structures reflected the need for joint control over resources that were of major importance both for economic reconstruction and for peacekeeping.

The energy crises of the 1970s highlighted the vulnerability of European states to dependence on oil imports and led to the development of mechanisms for cooperation in the field of energy policy. During this period, the first initiatives regarding the diversification of energy sources, energy efficiency and the coordination of national policies took shape. However, the absence of an explicit legal basis limited the Community's capacity to adopt coherent measures at supranational level.

The integration of the energy dimension into the European construction process has intensified with the development of the internal market and the emergence of environmental concerns. The Single European Act allowed the integration of energy objectives into the broader framework of economic and environmental policies, and subsequent treaties have consolidated this trend. The Treaty of Lisbon marked a landmark moment, consecrating energy policy for the first time as an area of shared competence and setting clear objectives: the functioning of the internal energy market, security of supply, the promotion of energy efficiency and the development of renewable sources.

Subsequently, the Energy Union provided an integrated strategic framework, structured around five dimensions: energy security, internal energy market, energy efficiency, decarbonisation and research and innovation. The European Green Deal transformed energy policy into a central pillar of the climate transition, setting the objective of climate neutrality by 2050 and accelerating the transformation of the European energy system.

12.2. Formation of the internal energy market: liberalization, interconnectivity and regulation

The creation of the internal energy market was a complex process aimed at removing national barriers, increasing competition and creating a common regulatory framework. In the 1990s, the Union adopted the first legislative packages to liberalise the electricity and gas markets, introducing the separation of production, transmission and distribution activities and guaranteeing third-party access to the networks. These measures aimed to reduce national monopolies and stimulate economic efficiency.

Subsequent energy packages have strengthened the role of regulators and introduced specialised European agencies for market coordination. The creation of trans-European energy networks and the identification of projects of common interest have contributed to the development of infrastructure and increased interconnectivity between Member States. Interconnectivity allows for the optimisation of energy flows, the integration of renewable sources and the reduction of supply risks.

Internal market regulation also includes consumer protection mechanisms, promoting price transparency and combating energy poverty. The digitalisation of the energy sector, the development of smart grids and the use of storage technologies contribute to transforming the market into a flexible system adapted to the new realities of the energy transition.

12.3. Energy security of the European Union: diversification of sources, solidarity and resilience

The European Union's energy security has become a structural component of its energy policy, in response to the vulnerabilities generated by the high dependence on fossil fuel imports and the geopolitical instability in the supplying regions. In this context, the diversification of suppliers is a major strategic objective, which aims to reduce dependence on a limited number of external partners and

create a balanced portfolio of energy sources. The Union has developed energy partnerships with states in the Caspian Sea region, the Middle East, North Africa and the United States, facilitating access to alternative gas and oil resources. Diversification not only targets suppliers, but also types of energy, by increasing the share of renewable energy and green hydrogen.

Diversification of transport routes is another essential element of energy security, as dependence on limited infrastructure can generate risks in the event of supply disruptions. The development of energy corridors, cross-border interconnections and LNG terminals allows access to global markets and flexibility in energy flows. LNG infrastructure plays an important role in reducing dependence on traditional pipelines, offering the possibility of importing gas from different regions and facilitating the integration of energy markets.

Expanding energy storage capacity is an essential tool for managing demand fluctuations and ensuring continuity of supply in crisis situations. Strategic gas and oil stocks, as well as the development of electricity storage technologies, contribute to increasing the flexibility of the energy system and reducing vulnerabilities. At the same time, increasing domestic energy production, especially from renewable sources, reduces import dependence and strengthens energy autonomy.

Solidarity mechanisms between Member States are an expression of the integrated nature of European energy policy. In crisis situations, states are obliged to cooperate and provide mutual support to ensure the supply of essential consumers, such as households and critical infrastructure. The regulations on security of gas and electricity supply require the development of risk prevention plans, joint vulnerability assessments and coordination mechanisms at regional level. These instruments help to avoid unilateral reactions and maintain the functioning of the internal market.

The resilience of the energy system is closely linked to the modernization of infrastructure and the digitalization of networks. Smart grids allow for real-time monitoring of energy flows, optimization of consumption and integration of variable renewable sources. The integration of regional markets facilitates the redistribution of

energy according to needs and reduces the risk of imbalances. In addition, increased interconnectivity contributes to system stability and cost reduction.

Reducing dependence on fossil fuels is a fundamental condition for strengthening long-term energy security. The development of renewable sources, the electrification of consumption and the increase in energy efficiency contribute to reducing external vulnerabilities and achieving climate objectives. In this sense, energy security is no longer conceived exclusively as a supply issue, but as an integrated element of the transition towards a sustainable and resilient energy system, which strengthens the strategic autonomy of the European Union.

12.4. Energy transition and the role of renewable sources in the context of the European Green Deal

The energy transition within the European Union represents a profound structural process of transformation of the way energy is produced, distributed and consumed, driven by the need to reduce greenhouse gas emissions, increase energy security and adapt the economy to sustainable development objectives. In this context, the European Green Deal constitutes the central strategic framework that redefines the European energy model, placing decarbonisation and energy efficiency at the heart of the Union's economic and industrial policies. The energy transition is not limited to the substitution of fossil fuels with renewable sources, but involves a systemic transformation of infrastructures, market mechanisms, consumer behaviour and economic structures.

The objective of climate neutrality by 2050 requires a drastic reduction in emissions in all sectors of the economy, in particular in energy production, which is the main source of emissions at European level. In this regard, increasing the share of energy from renewable sources is an essential element of the energy transition. Wind and solar energy have become pillars of the European energy system, thanks to falling costs, technological progress and political support.

These sources contribute not only to reducing emissions, but also to diversifying the energy mix and reducing dependence on fossil fuel imports, thus strengthening energy security.

The integration of renewable sources into the energy system requires adapting the existing infrastructure to their variable and decentralized nature. The production of wind and solar energy depends on weather conditions, which requires the development of flexible and intelligent electricity networks capable of managing fluctuations in production and consumption. The modernization of transmission and distribution networks, the development of energy storage capacities and the use of digital technologies are indispensable conditions for the operation of an energy system based on renewable sources. Energy storage, including through batteries and hydrogen-based technologies, allows the system to be balanced and the continuity of supply to be ensured.

Green hydrogen occupies a strategic place in the energy transition, being considered a solution for the decarbonization of sectors that are difficult to electrify, such as heavy industry, maritime transport and aviation. The development of hydrogen value chains involves investments in infrastructure, research and innovation, as well as the creation of functional markets. In parallel, carbon capture and storage technologies are promoted as complementary solutions for reducing emissions in sectors where the complete elimination of fossil fuels is difficult in the short term.

Energy efficiency is another fundamental pillar of the transition, being considered the most cost-effective way to reduce emissions and energy consumption. Renovating buildings, modernising industrial processes and optimising transport contribute to reducing energy demand and lowering costs for consumers. The concept of “energy efficiency first” reflects the priority given to reducing consumption over expanding production capacities.

The energy transition also involves a transformation of market mechanisms to reflect the new realities of an energy system dominated by renewable sources. The reform of the electricity market aims to introduce price stabilization mechanisms, incentivize long-term contracts and facilitate the participation of prosumers and

energy communities. Thus, consumers become active actors in the energy system, contributing to the production and management of energy.

The social dimension of the energy transition is particularly important, as the transformation of traditional energy sectors can generate significant economic and social costs, especially in regions dependent on coal mining and energy-intensive industries. The Just Transition Mechanism and the Cohesion Funds are designed to support these regions by investing in economic diversification, infrastructure development and retraining of the workforce. The aim is to ensure that the benefits of the energy transition are distributed fairly and that regional disparities are not exacerbated.

In addition to the internal dimension, the energy transition also has an external component, with the European Union promoting high standards of environmental protection and international cooperation in the field of clean energy. By developing green technologies and exporting know-how, the Union is consolidating its position as a global leader in the field of sustainable energy.

Overall, the energy transition in the context of the European Green Deal represents an integrated process that combines climate objectives, energy security and economic competitiveness. The role of renewable sources is central to this transformation, as they not only reduce emissions, but also contribute to the restructuring of the energy system, the democratization of access to energy and the creation of a sustainable and resilient development model.

? Questions for discussion and evaluation

1. What are the main stages in the evolution of the European Union's energy policy and how have the treaties influenced its development?
2. How does the internal energy market contribute to increasing competitiveness and reducing prices for consumers?
3. What role does the interconnectivity of energy infrastructure play in strengthening energy security?
4. How does the diversification of sources and supply routes reduce the EU's geopolitical vulnerabilities?

5. What are the Union's main instruments for managing energy crises?
6. How do renewable sources contribute to strengthening the strategic autonomy of the European Union?
7. What is the role of green hydrogen in the decarbonization of industrial sectors?
8. How does the energy transition influence the economic competitiveness of Member States?
9. What does the concept of just transition entail and what are its social and regional implications?
10. To what extent does the European Green Deal transform the Union's energy and economic model?



Bibliographic sources

1. European Commission. REPowerEU Plan. Brussels, 2022.
2. European Commission. Fit for 55 Package. Brussels, 2021.
3. European Commission. EU Energy Security Strategy. Brussels, updated.
4. European Commission. The European Green Deal. Brussels, 2019.
5. European Environment Agency. Energy in Europe: State of Play 2023. Copenhagen, 2023.
6. International Energy Agency. European Union Energy Policy Review. Paris, 2023.
7. Scholten, D. (2023). The Geopolitics of Renewables. Springer.
8. Goldthau, A., & Sitter, N. (2022). A Liberal Actor in a Realist World: The European Union Regulatory State and the Global Political Economy of Energy. Oxford University Press.

PRACTICAL APPLICATIONS



1. Test

1) The energy policy of the European Union is explicitly enshrined in law by

- a) the Treaty of Rome
- b) the Treaty of Lisbon
- c) the Single European Act
- d) the Treaty of Maastricht

2) The Energy Union is based on

- a) a single dimension – the energy market
- b) five strategic dimensions
- c) energy security only
- d) monetary policy

3) The internal energy market aimed at

- a) maintaining national monopolies
- b) liberalization and competition in the market
- c) eliminating interconnections
- d) price control by states

4) Energy interconnectivity allows

- a) isolation of national markets
- b) optimization of energy flows between states
- c) reduction of energy production
- d) elimination of renewable sources

5) Energy security implied

- a) dependence on a single supplier
- b) diversification of supply sources and routes
- c) elimination of strategic stocks
- d) reduction of regional cooperation

6) Liquefied natural gas contributes to

- a) reducing market flexibility
- b) diversifying supply
- c) eliminating interconnections
- d) increasing dependence on pipelines

7) The energy transition in the EU is oriented towards

- a) increasing fossil fuel consumption
- b) decarbonization and renewable energy
- c) reducing energy efficiency
- d) isolating the energy market

8) Green hydrogen is used for

- a) agricultural policy
- b) decarbonization of industrial sectors
- c) monetary policy
- d) road transport only

9) Energy efficiency implies

- a) increasing energy consumption
- b) reducing consumption through modern technologies
- c) eliminating building renovation
- d) increasing dependence on imports

10) The Just Transition Mechanism aimed at

- a) supporting regions affected by decarbonisation
- b) developing trade policy
- c) reducing investments in green energy
- d) centralising energy markets



2. Case study

A European Union member state is 80% dependent on natural gas imports and has a limited energy infrastructure, with low interconnections and a low share of renewable energy.

Tasks:

1. Analyze the vulnerabilities of the energy system from an energy security perspective.
2. Identify the necessary measures to diversify supply sources and routes.
3. Explain the role of interconnections and the internal energy market in reducing risks.
4. Propose an energy transition strategy based on renewable sources and energy efficiency.
5. Indicate indicators for assessing progress in the field of energy security.



3. Logic exercise (correlation)

Match the dimension of EU energy policy with the corresponding objective:

Dimensions:

- Internal energy market
- Energy security
- Energy efficiency
- Decarbonization

Objectives:

- Reducing energy consumption
- Diversifying suppliers and routes
- Liberalization and competition in the market
- Increasing the share of renewable energy

TOPIC 13

EU COMMON COMMERCIAL POLICY: PRINCIPLES AND IMPLEMENTATION STRATEGY

- 13.1. *Fundamental principles of the European Union's common commercial policy*
- 13.2. *Institutional framework and mechanisms for developing trade policy*
- 13.3. *Trade policy instruments: trade agreements, trade defence measures and tariff policy*
- 13.4. *The external dimension of EU trade policy and its role in the global economy*

The purpose of the topic

The purpose of the topic is to analyze the common commercial policy of the European Union, by highlighting the fundamental principles, the institutional framework, the implementation instruments and its role in the international trading system.

Learning outcomes

At the end of studying the topic, students will be able to:

- identify the basic principles of the EU's common commercial policy;
- describe the institutional mechanisms for developing and adopting commercial policy;
- analyze the main instruments of commercial policy, including trade agreements and defense measures;
- explain the role of the EU as a global actor in international trade;
- evaluate the impact of commercial policy on the European economy and on external partners.

13.1. Fundamental principles of the European Union's common commercial policy

The European Union's common commercial policy is based on a coherent set of fundamental principles reflecting both the objectives

of the internal market and the Union's role as a global player in the international economy. These principles are enshrined in the European Treaties and define the regulatory and operational framework for the Union's external action in the field of trade.

A first essential principle is the exclusive nature of the Union's competence in the field of the common commercial policy. This means that trade negotiations with third countries and international organisations are conducted at European level and that Member States cannot individually adopt autonomous trade policies. This centralisation allows the Union to act as a single actor on the global trade scene, strengthening its negotiating power and ensuring the coherence of external trade relations.

Another fundamental principle is trade liberalisation, which reflects the Union's commitment to the elimination of tariff and non-tariff barriers and to promoting an open and rules-based trading system. The European Union supports multilateralism and the role of the World Trade Organisation, promoting transparent and non-discriminatory rules. At the same time, European trade policy includes protection mechanisms against unfair trade practices, such as dumping or illegal subsidies, which reflects the balance between market opening and protecting the Union's economic interests.

The principle of uniformity of trade measures is another essential component. Customs tariffs, trade agreements and trade defence measures are applied uniformly throughout the Union, ensuring the proper functioning of the customs union and avoiding fragmentation of the internal market. This uniformity contributes to creating a predictable trading environment and strengthening the Union's position in international negotiations.

The common commercial policy is also guided by the principle of sustainable development. The Union integrates environmental protection standards, labour rights and good governance practices into trade agreements, promoting a responsible trade model. This approach reflects the link between trade policy and the objectives of the European Green Deal, as well as the Union's commitment to the 2030 Agenda for Sustainable Development.

Transparency and accountability democratic are other important principles. The European Parliament has a role in approving trade agreements, and the negotiation process involves consultation with civil society and stakeholders. This helps to strengthen the legitimacy of trade policy and increase the social acceptability of the agreements.

The principle of reciprocity and fairness in external trade relations reflects the Union's objective of ensuring equal conditions of access to international markets. The Union uses preferential trade agreements, generalised systems of preferences and border adjustment mechanisms to promote balanced trade and protect internal standards.

All the fundamental principles of the common commercial policy constitute a regulatory framework that combines market opening, the protection of economic interests, the promotion of European values and the strengthening of the Union's role as a global actor. These principles ensure the coherence of the Union's external action and contribute to the integration of the trade dimension into the overall economic and political development strategy of the European Union.

13.2. Institutional framework and mechanisms for developing trade policy

The institutional framework of the European Union's common commercial policy is characterised by a clearly defined structure of competences and a decision-making mechanism that ensures the coherence of external action in the field of trade. Commercial policy being an exclusive competence of the Union, its development and implementation are carried out at European level, through the involvement of the main Union institutions, each having a distinct and complementary role.

The European Commission plays a central role in the process of formulating trade policy. It has the legislative initiative, draws up proposals for trade measures and is responsible for negotiating international trade agreements on behalf of the Union. The negotiating mandate is granted by the Council of the European Union and

the Commission acts as the Union's sole representative in external trade relations, ensuring the coherence and continuity of the European position in bilateral and multilateral negotiations. During the negotiations, the Commission consults the Member States through specialised committees, which allows national interests to be integrated into the common position.

The Council of the European Union has the role of establishing the general guidelines for trade policy and authorising the opening of negotiations with external partners. The Council also adopts decisions on the signing and conclusion of trade agreements, usually by qualified majority voting, which reflects the supranational nature of trade policy. This procedure ensures a balance between the European dimension and the interests of the Member States.

The European Parliament contributes to strengthening the democratic dimension of trade policy, having the power to approve international trade agreements before they enter into force. Parliament also exercises political control over the work of the Commission, through debates, resolutions and hearings, helping to increase the transparency and accountability of the decision-making process. Parliament's involvement reflects the evolution of trade policy from a technical area to one with significant political and social implications.

The Court of Justice of the European Union is responsible for ensuring compliance with Union law in the field of commercial policy. It interprets the Treaties, clarifies the delimitation of competences between the Union and the Member States and settles disputes relating to the application of trade agreements. The Court's case-law has helped to define the exclusive nature of the Union's competence in the field of trade and to establish the limits of mixed agreements.

Trade policy-making mechanisms involve a complex process of inter-institutional coordination and consultation with stakeholders. Trade negotiations are preceded by economic, social and environmental impact assessments, which allow the identification of the potential effects of agreements on the European economy and on external partners. In addition, dialogue with the private sector, civil society organisations and national authorities contributes to the formulation of a balanced trade policy adapted to economic realities.

Trade policy is implemented through a combination of legal and administrative instruments, including regulations, decisions and mechanisms for monitoring compliance with agreements. The Commission monitors the correct application of trade measures and uses trade defence instruments in the event of unfair practices. At the same time, dispute settlement mechanisms, both within the World Trade Organisation and in bilateral agreements, help to protect the Union's interests.

The institutional framework of the common commercial policy reflects a model of supranational governance, in which powers are distributed between institutions in a complementary manner and the decision-making process combines the efficiency of external negotiations with internal democratic legitimacy. This system allows the European Union to act as a coherent and influential actor in international trade, promoting its economic interests and values within the global trading system.

13.3. Trade policy instruments: trade agreements, trade defence measures and tariff policy

The instruments of the European Union's common commercial policy represent the set of legal, economic and administrative mechanisms through which the Union promotes its external trade interests, ensures access to international markets and protects the internal market against unfair practices. These instruments reflect both the Union's commitment to trade liberalisation and the need to maintain fair conditions of competition for European economic operators.

Trade agreements are the main instrument of European trade policy. The Union negotiates bilateral and regional agreements with third countries and groups of countries, which aim to reduce or eliminate customs tariffs, facilitate market access, liberalise trade in services and open up public procurement. These agreements usually include provisions on investment protection, sanitary and phytosanitary standards, intellectual property and dispute settlement mechanisms. A distinctive feature of European trade agreements is

the inclusion of chapters on sustainable development, which contain commitments on environmental protection, labour rights and good governance practices. Through these agreements, the Union aims not only to liberalise trade but also to promote European values and standards globally.

Tariff policy is another essential instrument, based on the Common Customs Tariff applied uniformly at the Union's external borders. This tariff ensures the functioning of the customs union and eliminates differences between Member States in the taxation of imports. The level of tariffs is set in accordance with commitments made within the World Trade Organisation and reflects the balance between protecting certain sensitive sectors and opening up the market to international competition. In addition to tariffs, the Union uses tariff quotas and trade preferences to facilitate access for products from developing countries, thus contributing to development policy objectives.

Trade defence measures are used to protect the internal market against unfair trading practices such as dumping, illegal subsidies or sudden increases in imports that may harm European industry. Anti-dumping and anti-subsidy instruments allow the imposition of countervailing duties on products imported at below-market prices or benefiting from public support incompatible with international trade rules. Safeguard measures can be applied temporarily to prevent serious disruptions to the internal market. These instruments are strictly regulated and applied following detailed investigations to ensure compliance with international rules and the principle of proportionality.

Another important instrument is the Generalised System of Preferences, through which the Union offers preferential access to the European market for products from developing countries, with a view to supporting their integration into the global economy. This mechanism reflects the development dimension of trade policy and contributes to promoting economic growth and poverty reduction in beneficiary countries.

In recent years, the Union has also developed new instruments, adapted to the transformations of the global economy, such as foreign direct investment control mechanisms, instruments to combat

economic coercion and the carbon border adjustment mechanism. These reflect the interdependence between trade policy, industrial policy and climate objectives, helping to protect the competitiveness of the European economy.

However, the instruments of the common commercial policy form a complex and coherent system that combines trade liberalisation with the protection of economic interests and the promotion of European values. By using these instruments, the European Union strengthens its position as a global player in international trade and contributes to the development of a trading system based on rules, fairness and sustainability.

13.4. The external dimension of EU trade policy and its role in the global economy

The external dimension of the European Union's trade policy reflects its role as a major global actor in the international economic system and expresses the Union's ability to use trade instruments to promote its economic, political and regulatory interests. The European Union is one of the largest participants in world trade, accounting for a significant share of global exports and imports of goods and services. This position gives the Union considerable negotiating power and allows it to influence the rules of international trade.

The Union's external trade policy is aimed at promoting a rules-based multilateral trading system within the World Trade Organization. The Union upholds the principles of non-discrimination, transparency and fair competition, actively contributing to the development of international trade rules. At the same time, the difficulties encountered in multilateral negotiations have led the Union to develop an extensive network of bilateral and regional trade agreements, which facilitate access to external markets and strengthen economic relations with strategic partners.

The Union's trade agreements have a complex dimension, going beyond tariff liberalisation and including regulations on technical standards, investment protection, digital trade and public procure-

ment. Through these agreements, the Union promotes regulatory convergence and the export of European standards in areas such as environmental protection, food safety and labour rights. This ability to influence global regulations is often described as ‘normative power’, as the Union uses trade as a tool to promote its values and rules.

The external dimension of trade policy is closely linked to development policy and neighbourhood policy. Through preferential agreements, trade preference schemes and technical assistance instruments, the Union supports the integration of developing countries into the global economy and contributes to the economic and political stability of neighbouring regions. This approach reflects the interdependence between trade, development and security.

In the context of the transformation of the global economy, the Union’s trade policy has integrated new dimensions, such as economic security, the resilience of supply chains and open strategic autonomy. Recent crises have highlighted the vulnerabilities generated by excessive dependence on certain markets or products, which has led the Union to promote the diversification of trade partnerships and the strengthening of domestic capacities. At the same time, the Union continues to support the openness of trade, avoiding protectionist tendencies and promoting international cooperation.

External trade policy also contributes to the Union’s economic competitiveness by facilitating access to external markets and resources for European companies. Exports are an important factor in economic growth and job creation, and trade agreements offer opportunities for the industrial and service sectors.

The external dimension of the European Union’s trade policy is an essential instrument of its global action, combining economic, political and normative objectives. By promoting open, rules-based trade geared towards sustainable development, the Union contributes to the stability and functioning of the international trading system, while strengthening its role as an influential actor in the global economy.

? Questions for discussion and evaluation

1. What are the advantages of the exclusive nature of the common commercial policy for the European Union's position in international negotiations?
2. How do trade agreements contribute to increasing the competitiveness of the European economy?
3. How does trade policy reflect the balance between trade liberalisation and the protection of the EU's economic interests?
4. What is the role of the European Parliament in ensuring the democratic legitimacy of trade agreements?
5. How do environmental and labour standards contained in trade agreements influence the EU's external relations?
6. What function do trade defence measures play in protecting the internal market?
7. To what extent does trade policy contribute to the objectives of sustainable development?
8. What are the main challenges of the multilateral trading system for the European Union?
9. How can reciprocity be ensured in the EU's trade relations with external partners?
10. What role does trade policy play in strengthening the European Union's strategic autonomy?

Bibliographic sources

1. European Commission. Trade Policy Review – An Open, Sustainable and Assertive Trade Policy. Brussels, 2021.
2. European Commission. EU Trade Strategy. Brussels, updated.
3. World Trade Organization. World Trade Report 2023. Geneva, 2023.
4. Hoekman, B., & Kostecki, M. The Political Economy of the World Trading System. Oxford University Press, recent edition.
5. Woolcock, S. European Union Economic Diplomacy: The Role of the EU in External Economic Relations. Routledge.
6. Sapir, A. (coord.). The European Union and Global Governance. Cambridge University Press.

PRACTICAL APPLICATIONS

☒ 1. Test

1) The common commercial policy is a competence

- a) shared between the EU and the Member States
- b) exclusive to the European Union
- c) national
- d) regional

2) The institution that negotiates trade agreements on behalf of the EU is

- a) the European Parliament
- b) the European Council
- c) the European Commission
- d) the Court of Justice

3) The Common Customs Tariff applies

- a) only in the eurozone countries
- b) at the internal borders of the EU
- c) at the external borders of the EU
- d) only for services

4) Anti-dumping measures are used to

- a) stimulate exports
- b) protect the domestic market from unfairly priced imports
- c) eliminate tariffs
- d) liberalize services

5) The Generalized System of Preferences aims to:

- a) increase tariffs for developed countries
- b) support developing countries
- c) eliminate trade agreements
- d) protect monopolies

6) The European Parliament in trade policy

- a) negotiates trade agreements
- b) approves trade agreements

- c) sets customs tariffs
- d) applies anti-dumping measures

7) An objective of the EU's external trade policy is

- a) isolating the internal market
- b) promoting multilateralism
- c) eliminating environmental standards
- d) reducing exports

8) The Carbon Border Adjustment Mechanism aimed to

- a) reduce imports of services
- b) prevent carbon leakage
- c) elimination of trade agreements
- d) increase in domestic tariffs

9) Modern trade agreements include chapters on

- a) monetary policy
- b) sustainable development
- c) domestic agricultural policy
- d) educational systems

10) Trade policy contributes to

- a) reducing EU competitiveness
- b) increasing access to foreign markets
- c) eliminating exports
- d) centralizing production



2. Case study

The European Union is negotiating a trade agreement with a partner country that has lower environmental and labor standards than European ones.

Tasks:

1. Analyze the economic benefits of the agreement for the EU.
2. Identify the risks for European industries and for social and environmental standards.
3. Explain the role of chapters on sustainable development in trade agreements.

4. Propose mechanisms for monitoring compliance with the commitments undertaken by the partner.
5. Assess the impact of the agreement on the EU's global position.



3. Logic exercise (correlation)

Match the trade policy instrument with its main function:

Instruments:

- Trade agreements
- Anti-dumping measures
- Common Customs Tariff
- Generalized System of Preferences

Functions:

- Preferential access to the EU market for developing countries
- Protection against unfair trade practices
- Uniform application of taxes at external borders
- Trade liberalization and opening of external markets

TOPIC 14

THE INTERNATIONAL IMPORTANCE OF THE EURO CURRENCY AND THE EXPANSION OF ITS AREA OF USE

- 14.1. *The evolution of the euro as an international currency and its position in the global monetary system*
- 14.2. *Economic and institutional factors determining the international use of the euro*
- 14.3. *Extension of the area of use of the euro: euro area countries, candidate countries and external uses*
- 14.4. *Challenges and prospects for strengthening the global role of the euro*

The purpose of the topic

The purpose of the topic is to analyze the international role of the euro, by highlighting its evolution in the global monetary system, the factors influencing its external use, the process of expanding the euro area and the prospects for consolidating its position as a reserve and international transaction currency.

Learning outcomes

At the end of studying the topic, students will be able to:

- describe the stages of the formation and affirmation of the euro as an international currency;
- analyze the economic, financial and institutional factors that support the global use of the euro;
- explain the mechanisms for expanding the euro area and the accession criteria;
- evaluate the role of the euro in international trade and foreign exchange reserves; identify the challenges and prospects for strengthening the euro's position in the global economy.

14.1. The evolution of the euro as an international currency and its position in the global monetary system

The evolution of the euro as an international currency must be seen in the context of the transformations of the global monetary

system at the end of the 20th and the beginning of the 21st centuries. The introduction of the euro in 1999, as a scriptural currency, and later in 2002, as a fiat currency, represented a landmark moment in the process of European economic and monetary integration, but also a major event for the international financial architecture. For the first time since the collapse of the Bretton Woods system, a currency emerged capable of competing with the US dollar in certain functions of an international currency, namely as a reserve currency, a currency of invoicing and an investment currency.

The international role of the euro is based on the economic size of the euro area, on the macroeconomic stability and on the institutional credibility of the European Central Bank. The euro area is one of the largest economies in the world, with a significant share in international trade and global financial flows. Price stability, maintained by a monetary policy aimed at controlling inflation, has contributed to strengthening the confidence of investors and trading partners in the European currency. In addition, the existence of an integrated financial market and financial instruments denominated in euro has facilitated the use of this currency in international transactions.

The euro has gradually acquired the status of the second most important international currency, being widely used in international trade invoicing, especially in the economic relations of the European Union with neighboring countries and with its main trading partners. The euro is also used significantly in the issuance of international bonds and in the financial operations of international institutions. In the foreign exchange reserves of central banks, the euro occupies an important position, reflecting the diversification of portfolios and the reduction of dependence on a single dominant currency.

Economic and financial crises have influenced the dynamics of the international role of the euro. The global financial crisis and the euro area sovereign debt crisis temporarily affected the perception of the stability of the currency, highlighting the need to strengthen economic and monetary governance. The institutional response, which included the creation of financial stability mechanisms, the strengthening of banking supervision and the development of the banking union, contributed to restoring confidence and strengthening the resilience of the euro area.

The position of the euro in the global monetary system must also be analyzed in relation to geopolitical developments and the transformations of the world economy. The trend towards diversification of foreign exchange reserves and the use of the euro in energy and trade contracts reflect its growing international role. At the same time, competition with the US dollar and the emergence of other currencies, such as the Chinese yuan, are shaping a multipolar monetary system in which the euro occupies a central, but not dominant, position.

Another relevant aspect is the use of the euro outside the euro area, in countries that are not members of the Monetary Union but use the European currency officially or unofficially. This phenomenon reflects the stability and attractiveness of the euro as a payment and savings instrument.

The evolution of the euro as an international currency is the result of the interaction between the economic size of the Union, institutional credibility, the development of financial markets and the global geopolitical context. The euro has consolidated itself as a pillar of the international monetary system, contributing to its diversification and reducing dependence on a single dominant currency, but its prospects still depend on deepening economic and financial integration within the European Union.

14.2. Economic and institutional factors determining the international use of the euro

The international use of the euro is determined by a complex set of economic, financial and institutional factors that reflect the position of the European Union in the global economy and the credibility of its monetary framework. For a currency to acquire international status, it must fulfill the functions of unit of account, medium of exchange and store of value in external economic relations, and the euro has gradually evolved in this direction due to favourable structural conditions.

A first essential factor is the size and economic power of the euro area. The euro area is one of the world's largest economies, accounting for a significant share of international trade in goods and services. The high volume of external trade denominated in euro favours the use of this currency in invoicing transactions and in commercial contracts, particularly in relations with neighbouring countries and the Union's traditional economic partners. The greater the share of an economy in global trade, the more likely its currency is to be used internationally.

Macroeconomic stability is another determining factor. The monetary policy of the European Central Bank is geared towards maintaining price stability, which gives the euro a high degree of credibility as a store of value. The moderate level of inflation and the stability of the exchange rate contribute to the confidence of investors and central banks in the European currency. In addition, fiscal discipline and economic coordination mechanisms within the Monetary Union support the stability of the system.

The development of financial markets denominated in the euro plays a fundamental role in the internationalisation of the currency. The existence of a market for sovereign and corporate bonds, liquid financial instruments and an integrated banking infrastructure facilitate the use of the euro in international investment and financial transactions. Liquidity and depth of financial markets are essential conditions for a currency to be widely used in global transactions.

Institutional factors are equally important. The independence of the European Central Bank, a stable legal framework and financial supervision mechanisms contribute to strengthening the credibility of the euro. The creation of the banking union and financial stability mechanisms has reduced systemic risks and strengthened confidence in the European financial sector. Also, the coherence of economic policies and the existence of common rules within the euro area favour the use of the currency at international level.

Another relevant factor is the role of the euro in the foreign exchange reserves of central banks. The diversification of international reserves has led to an increase in the share of the euro as a reserve currency, reflecting the desire of states to reduce their

dependence on the US dollar. The use of the euro in international bond issues and in the financing of global projects contributes to strengthening this role.

The use of the euro in energy contracts and international trade transactions is an important dimension of its internationalisation. Denomination of contracts in euro reduces currency risks for the Union's trading partners and helps to extend the scope of use of the currency. In addition, the Union's close economic relations with neighbouring countries favour the use of the euro as a reference currency in these regions.

Geopolitical and strategic factors also influences the international use of the euro. The desire of some states to reduce dependence on the dollar-dominated financial system stimulates the use of the euro in international transactions. In this context, the Union promotes the development of payment infrastructure and financial markets that allow for greater strategic autonomy.

The international use of the euro is the result of the interaction between the economic size of the euro area, macroeconomic stability, the development of financial markets and institutional credibility. The strengthening of the international role of the euro depends on deepening economic and financial integration, developing the capital markets union and maintaining the economic stability of the European Union.

14.3. Extension of the area of use of the euro: euro area countries, candidate countries and external uses

The extension of the area of use of the euro is a complex process, which manifests itself both in the enlargement of the euro area by the accession of new Member States, and in the use of the European currency outside the Monetary Union, in various institutionalized or de facto forms. This process reflects the attractiveness of the euro as a stable, credible currency usable in international economic transactions.

First, the formal enlargement of the euro area is achieved through the accession of the Member States of the European Union that fulfil

the convergence criteria set out in the Treaties. These criteria concern price stability, the sustainability of public finances, exchange rate stability and the convergence of long-term interest rates. The accession process involves a preparation period, during which the candidate countries harmonise their economic policies and institutions with the requirements of the Monetary Union. The enlargement of the euro area contributes to the consolidation of the internal market, to the reduction of transaction costs and to the increase of economic and financial integration.

Secondly, the euro is officially used in certain states and territories that are not members of the European Union or the euro area, on the basis of monetary agreements or unilateral decisions. Some states have adopted the euro as their official currency following arrangements with the European Union, which reflects a high degree of confidence in the stability of the currency. Other states use the euro unofficially, a phenomenon known as “euroisation”, especially in economies characterized by monetary instability or by close economic ties with the European Union.

The use of the euro also extends to international trade transactions, where the European currency is frequently used to invoice exports and imports, particularly in the Union’s trade relations with neighbouring countries. In the energy sector, a significant part of supply contracts is denominated in euro, which contributes to strengthening the international role of the currency and reducing currency risks for European economic operators.

The euro is also used in international financial markets, being one of the main currencies for issuing bonds and for making cross-border investments. The liquidity of the euro-denominated financial markets and the stability of the European legal framework favour the use of the currency in global financial operations. In the foreign exchange reserves of central banks, the euro occupies an important position, reflecting the trend towards diversification of reserve assets.

The expansion of the use of the euro has significant economic and political implications. On the one hand, it contributes to increasing the economic influence of the European Union and strengthening its strategic autonomy in the international financial system. On the other

hand, the expansion of the euro area entails challenges related to economic convergence, the coordination of fiscal policies and the management of asymmetries between the economies of the Member States.

Overall, the expansion of the euro area reflects both the internal dynamics of economic and monetary integration and the global attractiveness of the European currency. The process of enlargement of the euro area, the use of the currency in countries outside the Union and its role in international trade and financial transactions contribute to strengthening the position of the euro in the global monetary system, but its long-term success depends on maintaining economic stability and deepening institutional integration within the European Union.

14.4. Challenges and prospects for strengthening the global role of the euro

Strengthening the global role of the euro is a strategic objective of the European Union, but this process is influenced by a number of structural, institutional and geopolitical challenges that limit the euro's ability to fully compete with the US dollar. At the same time, recent developments in the world economy and transformations in the international monetary system create opportunities to strengthen the euro's position as a reserve, investment and transaction currency.

One of the main challenges is the incomplete nature of the economic and monetary union. While monetary policy is centralised at the European Central Bank, fiscal policies remain largely at national level, which creates asymmetries and limits the Union's ability to respond in a unified manner to economic shocks. The absence of a comprehensive common fiscal instrument and the fragmentation of the government bond market reduce the liquidity and attractiveness of euro-denominated assets compared to the US government bond market, which offers a large volume of safe and liquid assets.

The incomplete development of the Capital Markets Union is another important limitation. The fragmentation of European finan-

cial markets, regulatory differences and the lack of common financial instruments reduce the euro's ability to become the main currency used in global investments. The creation of integrated capital markets and the development of common safe assets would contribute to increasing the international role of the euro.

Geopolitical factors also influence the position of the euro in the global monetary system. The dominance of the dollar is supported by the global role of the US economy, the depth of financial markets and the use of the currency in energy transactions and international payment systems. At the same time, trends in the diversification of foreign exchange reserves and the desire of some states to reduce dependence on the dollar create opportunities for the euro. The use of the European currency in energy contracts, trade agreements and international financing can help strengthen its global role.

Another challenge is the need to maintain macroeconomic and financial stability in the euro area. Previous economic crises have shown that the perception of the stability of the currency is essential for its international use. Strengthening economic governance, deepening the banking union and developing financial stability mechanisms are indispensable conditions for increasing confidence in the euro.

The digitalisation of the financial system and the emergence of digital currencies represent both a challenge and an opportunity. The introduction of a digital euro could strengthen the role of the currency in international payments and reduce dependence on external payment infrastructures. At the same time, competition with digital currencies from other major economies requires the adaptation of the European institutional and technological framework.

The prospects for strengthening the global role of the euro depend on deepening economic and financial integration, the creation of common financing instruments and the development of capital markets. Policies aimed at increasing the competitiveness of the European economy, promoting innovation and strengthening strategic autonomy contribute to increasing the attractiveness of the European currency.

The euro has the potential to strengthen its position in the global monetary system as the second international currency, but achiev-

ing a role comparable to that of the dollar requires deep institutional reforms, economic stability and a more active presence of the Union in global economic governance.

? Questions for discussion and evaluation

1. What are the main stages of the euro's establishment as an international currency?
2. To what extent does the economic size of the euro area influence the global role of the European currency?
3. How does macroeconomic stability contribute to the credibility of the euro in international financial markets?
4. What are the advantages and disadvantages of euro area enlargement for member states?
5. How does the use of the euro in commercial and energy contracts strengthen its international position?
6. What are the main institutional obstacles to strengthening the global role of the euro?
7. How does the development of the capital markets union influence the internationalization of the euro?
8. What role can the digital euro play in the global financial system?
9. To what extent does the euro contribute to the strategic autonomy of the European Union?
10. What are the prospects for the evolution of the international monetary system in a multipolar context?



Bibliographic sources

1. European Central Bank. The International Role of the Euro. Frankfurt, recent annual editions.
2. European Central Bank. Economic Bulletin. Frankfurt, current issues.
3. European Commission. Deepening Europe's Economic and Monetary Union. Brussels, updated.
4. Lane, P. The ECB and the International Role of the Euro. ECB Working Papers, recent editions.
5. Eichengreen, B. Globalizing Capital: A History of the International Monetary System. Princeton University Press, updated edition.

6. Pisani-Ferry, J. The Euro Crisis and Its Aftermath. Oxford University Press.

PRACTICAL APPLICATIONS

☒ 1. Test

- 1) The euro was introduced as a fiat currency in**
- a) 1995
 - b) 1999
 - c) 2002
 - d) 2004
- 2) The main institution responsible for the monetary policy of the euro area is**
- a) European Commission
 - b) Council of the EU
 - c) European Central Bank
 - d) European Parliament
- 3) One of the international functions of a currency is**
- a) agricultural policy
 - b) unit of account
 - c) social policy
 - d) regional policy
- 4) The euro is currently considered**
- a) the main global currency
 - b) the second most important international currency
 - c) a regional currency with no external use
 - d) a currency used only in the EU
- 5) A factor supporting the international role of the euro is**
- a) price instability
 - b) the size of the euro area economy
 - c) fragmentation of the internal market
 - d) lack of financial markets

6) The criteria for joining the euro area include

- a) the common agricultural policy
- b) the convergence criteria
- c) the common commercial policy
- d) the environmental policy

7) The Euro is used in foreign exchange reserves because

- a) it is an unstable currency
- b) it offers diversification and stability
- c) it is not convertible
- d) it is only used in domestic trade

8) An obstacle to strengthening the global role of the euro is

- a) the existence of the ECB
- b) the fragmentation of capital markets
- c) its use in international trade
- d) macroeconomic stability

9) Digital euro could contribute to

- a) reducing the use of the euro
- b) increasing its role in international payments
- c) eliminating monetary policy
- d) increasing inflation

10) The expansion of the use of the euro outside the euro area reflects

- a) the lack of credibility of the currency
- b) its attractiveness and stability
- c) the elimination of the internal market
- d) the reduction of external trade



2. Case study

A Member State of the European Union that is not part of the euro area partially meets the convergence criteria and is considering the possibility of joining the Economic and Monetary Union.

Tasks:

1. Analyze the economic advantages of adopting the euro for this state.
2. Identify the risks associated with the loss of monetary policy autonomy.
3. Explain the role of macroeconomic stability in the accession process.
4. Evaluate the impact of adopting the euro on foreign trade and investment.
5. Make recommendations on the conditions necessary for sustainable accession.

**3. Logic exercise**

Match the international function of the euro with its corresponding use:

Functions:

Reserve currency
Invoicing currency
Investment currency
Payment currency

Uses:

Holding by central banks
International commercial contracts
Euro-denominated bond issues
International financial transactions

TOPIC 15

EASTERN PARTNERSHIP IN THE CONTEXT OF THE EU'S EUROPEAN NEIGHBOURHOOD POLICY

15.1. *The conceptual framework of the European Neighborhood Policy and the place of the Eastern Partnership*

15.2. *Objectives, principles and instruments of the Eastern Partnership*

15.3. *The political, economic and security dimension of cooperation with partner states*

15.4. *Challenges, results and perspectives of the Eastern Partnership in the current geopolitical context*

The purpose of the topic

The purpose of the topic is to analyze the Eastern Partnership within the framework of the European Neighborhood Policy, by highlighting the objectives, instruments and dimensions of cooperation between the European Union and the partner states, as well as assessing the impact of this framework on European integration, regional stability and security.

Learning outcomes

At the end of studying the topic, students will be able to:

- describe the role of the Eastern Partnership within the European Neighborhood Policy;
- to identify the main objectives and instruments of cooperation with partner states;
- to analyze the political, economic and security dimensions of the Eastern Partnership;
- assess the impact of association agreements and deep and comprehensive free trade areas;
- to appreciate the challenges and prospects of the Eastern Partnership in the current geopolitical context.

15.1. The conceptual framework of the European Neighborhood Policy and the place of the Eastern Partnership

The European Neighbourhood Policy is the strategic framework through which the European Union structures its relations with the states in its geographical proximity, with the main objective of promoting stability, security and prosperity in the neighbouring regions. This policy was conceived as an instrument to prevent the emergence of new dividing lines on the European continent after the successive enlargements of the Union and as a mechanism to strengthen relations with the states that do not have the immediate prospect of accession, but which are interested in political, economic and normative rapprochement with the European space.

Conceptually, the European Neighbourhood Policy is based on the principle of differentiation and conditionality. Differentiation involves adapting the Union's relations to the specifics of each partner state, depending on the level of development, political objectives and the degree of commitment to the reform process. Conditionality reflects the link between deepening cooperation and the implementation of internal reforms, in particular in the areas of the rule of law, democracy and the market economy. Thus, the European Neighbourhood Policy does not offer a uniform framework, but a flexible model of sectoral integration, based on gradual approximation to the norms and standards of the European Union.

In this context, the Eastern Partnership represents the Eastern dimension of the European Neighbourhood Policy and aims to strengthen relations with the countries of Eastern Europe and the South Caucasus. It was launched as an initiative aimed at deepening political and economic cooperation, supporting reform processes and promoting regulatory convergence with the European Union. In contrast to the general approach of the Neighbourhood Policy, the Eastern Partnership introduces a multilateral dimension of cooperation, which complements the bilateral relations between the Union and each partner country.

The Eastern Partnership is based on an institutional architecture that includes regular summits, thematic platforms and sectoral

initiatives, facilitating political dialogue and cooperation in areas such as the economy, energy, transport, environment and mobility. Through association agreements and deep and comprehensive free trade areas, the European Union promotes the progressive economic integration of the partner states into the European internal market, without granting them the status of candidate countries.

The place of the Eastern Partnership within the European Neighbourhood Policy is determined by the strategic importance of the region for the security and stability of the European Union. The partner states represent a space of intersection between economic, energy and geopolitical interests, and the strengthening of relations with these states contributes to the creation of an environment of stability at the borders of the Union. At the same time, the Eastern Partnership reflects the normative approach of the Union, which uses economic and institutional instruments to promote democratic reforms and economic development.

Therefore, the Eastern Partnership is not just a regional component of the European Neighbourhood Policy, but a specific mechanism of differentiated integration, oriented towards normative and economic convergence. It combines the bilateral and multilateral dimensions, promoting regional cooperation and strengthening relations between the European Union and the partner states in a framework adapted to the geopolitical and economic realities of the region.

15.2. Objectives, principles and instruments of the Eastern Partnership

The Eastern Partnership is a strategic initiative of the European Union aimed at deepening relations with the states of Eastern Europe and the South Caucasus, with the main objective of promoting stability, security and economic development in this region. Its objectives are formulated in a complex manner, combining the political, economic and social dimensions, reflecting the integrated approach of the European Union in external relations.

A fundamental objective of the Eastern Partnership is the political rapprochement and progressive economic integration of the partner states with the European Union. This is achieved by promoting democratic values, the rule of law and respect for fundamental rights, as well as by supporting the institutional reforms necessary to strengthen democratic governance. In economic terms, the main objective is the gradual integration of the partner states' economies into the European Union's internal market, through the harmonisation of legislation and the adoption of European standards.

Another important objective is to develop trade relations and facilitate access to the European market. Through association agreements and deep and comprehensive free trade areas, the European Union offers partner countries the opportunity to participate in European value chains and benefit from trade liberalization. This process contributes to the modernisation of partner economies and to increasing their competitiveness.

The security dimension is also a key objective of the Eastern Partnership. Cooperation in the areas of border management, combating cross-border crime and energy security contributes to regional stability and reducing risks at the Union's borders. At the same time, the Partnership promotes mobility and people-to-people contacts, facilitating visa regimes and cooperation in the fields of education and research.

The principles underlying the Eastern Partnership reflect the general approach of the European Neighbourhood Policy, focusing on differentiation, conditionality and shared responsibility. Differentiation allows for the adaptation of relations to the level of ambition and reform of each partner state, avoiding the application of a uniform model. Conditionality establishes a direct link between the progress of reforms and the level of support provided by the European Union, encouraging the implementation of European standards. Shared responsibility involves the active participation of the partner states in defining and achieving the objectives of cooperation.

The Eastern Partnership instruments are diverse and include both political, economic and financial mechanisms. Political dialogue is carried out through regular summits, ministerial meetings

and thematic platforms that facilitate the exchange of good practices and policy coordination. Economic instruments include association agreements, deep and comprehensive free trade areas, financial assistance programmes and support for the development of infrastructure and the business environment.

The European Union also uses sectoral cooperation instruments in areas such as energy, transport, environment and digitalisation, contributing to the modernisation of partner economies and their integration into European networks. Academic mobility programmes, cultural exchanges and civil society initiatives strengthen the social dimension of the Partnership and promote value convergence.

The objectives, principles and instruments of the Eastern Partnership configure a complex cooperation framework, aimed at the gradual integration of the partner states into the European economic and regulatory space. This mechanism reflects the European Union's ability to combine economic, political and institutional instruments to promote stability and development in its Eastern neighbourhood.

15.3. The political, economic and security dimension of cooperation with partner states

The political, economic and security dimension of cooperation between the European Union and the partner states within the Eastern Partnership reflects the multidimensional nature of this initiative and reveals its strategic role in shaping relations between the Union and its Eastern neighbourhood. Cooperation is not limited to the economic field, but aims at profound institutional transformations, strengthening regional stability and promoting normative convergence with European standards.

The political dimension of the Eastern Partnership is aimed at promoting democratic values, the rule of law and good governance. The European Union supports institutional reforms in the partner states through political dialogue, technical assistance and conditionality, encouraging the strengthening of democratic institutions, the independence of the judiciary and the fight against corruption. Asso-

ciation agreements are essential legal instruments that establish a framework for political cooperation and define the commitments of the partner states in the field of democratic reforms. In this respect, the political dimension of the Partnership contributes to creating an area of stability and predictability at the borders of the Union.

The economic dimension focuses on the gradual integration of the economies of the partner states into the European internal market. Deep and comprehensive free trade areas allow the elimination of trade barriers, the harmonisation of standards and the facilitation of access to the Union market. This process stimulates the modernisation of the partner economies, increases competitiveness and attracts foreign investment. At the same time, the European Union provides financial assistance and support for the development of infrastructure, the energy sector and the business environment, contributing to the sustainable economic development of the region.

Economic cooperation also includes the integration of partner states into European transport, energy and digitalisation networks, facilitating regional connectivity and reducing economic disparities. Support programmes for small and medium-sized enterprises, for innovation and for the development of human capital contribute to strengthening the economic capacity of partner states and bringing them closer to the European economic model.

The security dimension of the Eastern Partnership is determined by the strategic importance of the region for European stability. Cooperation focuses on border management, combating cross-border crime, energy security and institutional resilience. The European Union supports the strengthening of the partner states' capacities in the field of security, including through defence sector reform and crisis management programmes. At the same time, cooperation in the field of energy security contributes to the diversification of supply sources and routes, reducing regional vulnerabilities.

Another important aspect of the security dimension is societal resilience and combating hybrid threats, including disinformation and cyberattacks. The European Union promotes the development of institutional capacities and regional cooperation mechanisms to address these challenges.

The social dimension complements these components, by promoting mobility, educational exchanges and cooperation between civil societies. The liberalisation of the visa regime for some partner states has facilitated people-to-people contacts and contributed to the strengthening of cultural and academic ties.

Cooperation within the Eastern Partnership is characterised by an integrated approach combining political reforms, economic integration and security enhancement. This approach reflects the European Union's objective of creating an area of stability and prosperity in its Eastern neighbourhood, by promoting normative and institutional convergence and developing long-term cooperative relations.

15.4. Challenges, results and perspectives of the Eastern Partnership in the geopolitical context current

The Eastern Partnership is taking place in a complex geopolitical environment, characterized by strategic competition, regional conflicts and transformations of the international order, which influences both the results achieved and the development prospects of this initiative. The challenges are determined by the political and economic divergences between the partner states, external pressures and their different capacity to implement the reforms necessary for rapprochement with the European Union.

One of the main challenges is the heterogeneity of the partner countries, which have different levels of economic development, political stability and commitment to democratic reforms. This diversity makes it difficult to apply a uniform approach and requires the use of the principle of differentiation, which leads to different rates of integration and uneven results. Some countries have made significant progress in the process of approaching the European Union, while others are faced with political instability, internal conflicts or institutional limitations.

Regional conflicts represent another major challenge for the Eastern Partnership. Unresolved territorial disputes and geopolitical tensions affect the stability of the region and limit the capacity of partner

states to implement structural reforms. These conflicts also influence economic cooperation, reducing investment attractiveness and affecting the development of regional infrastructure and connectivity.

External pressures and geopolitical competition for influence in the region are a determining factor in the evolution of the Eastern Partnership. Partner states often find themselves at the intersection of the interests of different powers, which generates strategic dilemmas and influences their political and economic orientation. In this context, the European Union must adapt the Partnership instruments to respond to new geopolitical realities and to strengthen the resilience of partner states.

Despite these challenges, the Eastern Partnership has generated significant results. Association agreements and deep free trade areas have contributed to increasing trade between the European Union and the partner states, modernizing the legislative framework and harmonizing economic standards. The liberalization of the visa regime for some states has facilitated mobility and people-to-people contacts, strengthening societal and cultural ties. The Union's financial and technical support has also contributed to the development of infrastructure, institutional reforms and the strengthening of administrative capacities.

The Eastern Partnership has also had an impact on energy security and regional connectivity, by developing transport and energy corridors and promoting the diversification of supply sources. Cooperation programmes in the field of digitalisation and innovation have contributed to the modernisation of partner economies and their integration into European networks.

The prospects of the Eastern Partnership depend on the European Union's ability to adapt its instruments to the current geopolitical context and to provide credible incentives for further reforms. Strengthening the differentiated dimension of cooperation, deepening sectoral economic integration and supporting institutional resilience are essential elements for the future of the initiative. At the same time, clarifying the European integration prospects for partner states that have advanced in the reform process can contribute to maintaining the dynamism of the Partnership.

The Eastern Partnership remains a strategic instrument of the European Neighbourhood Policy, contributing to promoting stability, security and economic development in the European Union's Eastern neighbourhood. Its future evolution will depend on the capacity to manage geopolitical challenges, consolidate the results achieved and adapt the cooperation framework to new regional and global realities.

? Questions for discussion and evaluation

1. What are the main objectives of the Eastern Partnership within the European Neighbourhood Policy?
2. To what extent does the principle of differentiation influence the EU's relations with partner states?
3. How do association agreements and deep free trade areas contribute to the economic integration of partner states?
4. What is the role of the political dimension in promoting the rule of law and democratic reforms?
5. How do regional conflicts influence the effectiveness of the Eastern Partnership?
6. How does energy and transport cooperation contribute to regional security?
7. What are the main financial instruments used by the EU to support partner states?
8. How does geopolitical competition affect the evolution of the Eastern Partnership?
9. What are the results achieved in the field of mobility and people-to-people contacts?
10. What prospects exist for deepening the integration of partner states with the European Union?

Bibliographic sources

1. European Commission. Eastern Partnership Policy Beyond 2020. Brussels, 2020.
2. European External Action Service. Eastern Partnership – 10 Years On: Achievements and Future. Brussels, recent editions.

3. European Commission. European Neighborhood Policy – Joint Communication. Brussels, updated.
4. Korosteleva, E. The European Union and Its Eastern Neighbors: Towards a More Ambitious Partnership. Routledge.
5. Delcour, L. The EU and Russia in Their ‘Contested Neighbourhood’. Routledge.

PRACTICAL APPLICATIONS

1. Test

1) The Eastern Partnership is part of the

- a) Common Agricultural Policy
- b) European Neighbourhood Policy
- c) Common Commercial Policy
- d) Economic and Monetary Union

2) A main objective of the Eastern Partnership is

- a) adoption of the euro by the partner states
- b) gradual political and economic integration with the EU
- c) creation of a customs union
- d) elimination of internal borders

3) Association agreements include

- a) only cultural cooperation
- b) deep and comprehensive free trade areas
- c) common monetary policy
- d) automatic accession to the EU

4) The principle of differentiation assumed

- a) applying the same policies to all states
- b) adapting cooperation to the level of reform of each state
- c) eliminating conditionality
- d) centralizing decisions

5) Visa liberalization contributes to

- a) reducing mobility
- b) strengthening people-to-people contacts

- c) eliminating trade
 - d) increasing tariffs
- 6) The economic dimension of the Eastern Partnership aims at**
- a) common monetary policy
 - b) integration into the EU internal market
 - c) creation of a regional currency
 - d) elimination of exports
- 7) An EU financial instrument for partner states is**
- a) Common Customs Tariff
 - b) macro-financial assistance
 - c) competition policy
 - d) banking union
- 8) The security dimension included**
- a) agricultural policy
 - b) border management and the fight against crime
 - c) adoption of the euro
 - d) monetary policy
- 9) A major challenge of the Eastern Partnership is**
- a) economic uniformity of the partner states
 - b) regional conflicts
 - c) full integration into the euro area
 - d) lack of trade agreements
- 10) The Eastern Partnership contributes to**
- a) the isolation of the region
 - b) regional stability and connectivity
 - c) the elimination of economic cooperation
 - d) the reduction of institutional reforms

2. Case study

An Eastern Partnership state has signed the Association Agreement with the European Union and implemented a Deep and Comprehensive Free Trade Area, but is facing political instability and external pressures.

Tasks:

1. Analyze the impact of the agreement on trade and investment.
2. Identify the institutional reforms needed to strengthen the rule of law.
3. Evaluate the role of European financial assistance in modernizing the economy.
4. Examine the geopolitical implications of rapprochement with the EU.
5. Propose measures to increase economic and institutional resilience.

**3. Logic exercise (correlation)**

Correlate the dimension of cooperation within the Eastern Partnership with the corresponding objective:

Dimensions:

Politics
Economic
SecuritySocial

Objectives:

Promoting democratic reformsIntegration into the EU internal market
Border management and regional resilience
Educational mobility and exchanges

TOPIC 16

EU EXTERNAL REGIONAL POLICY. EUROPEAN INTERREGIONALISM

- 16.1. *The conceptual framework of the European Union's external regional policy and its evolution*
- 16.2. *European interregionalism: forms, mechanisms and actors involved*
- 16.3. *Instruments of interregional cooperation: agreements, programs and dialogue platforms*
- 16.4. *The impact of interregionalism on global governance and the role of the EU as a global actor*

The purpose of the topic

The purpose of the topic is to analyze the European Union's external regional policy and European interregionalism as an instrument of external action, by highlighting the conceptual framework, cooperation mechanisms, actors involved and their impact on global governance and the role of the EU as an international actor.

Learning outcomes

At the end of studying the topic, students will be able to:

- to explain the concept of interregionalism and its place in the European Union's foreign policy;
- to identify the main instruments of interregional cooperation and their functions;
- to analyze the role of European institutions and Member States in the development of interregional partnerships;
- to evaluate the impact of interregionalism on global governance and the dissemination of European norms;
- to appreciate the role of the European Union as a global actor in promoting multilateralism and regional cooperation.

16.1. The conceptual framework of the European Union's external regional policy and its evolution

The European Union's external regional policy represents a specific dimension of its external action, which aims to develop institutionalised relations with other regions of the world and to promote a model of cooperation based on regional integration, multilateralism and normative convergence. This policy must be understood in the context of the transformation of the European Union into a global actor capable of projecting its values and interests beyond its immediate neighbourhood, through interregional cooperation mechanisms.

Conceptually, regional foreign policy is based on the idea that regional integration is an effective tool for promoting stability, economic development and multilateral governance. The European Union, itself an advanced example of regional integration, uses its institutional and normative experience to support similar processes in other regions and to develop partnerships with regional organizations. Thus, interregionalism becomes a distinct form of international relations, situated between bilateral cooperation and global multilateralism, characterized by structured dialogue between two or more regions.

The evolution of the European Union's external regional policy is closely linked to the development of the Common Foreign and Security Policy and the extension of the Union's competences in the field of external relations. In the early stages, the external relations of the European Communities had a predominantly commercial dimension, but these were gradually extended to include political dialogue, development cooperation, security and the social dimension. The strengthening of the Union's legal personality allowed the conclusion of agreements with regional organisations and active participation in global governance processes.

Regional external policy is manifested through the development of strategic partnerships with different regions, such as Latin America, Africa, Asia and the Pacific region. These partnerships include political dialogues, economic cooperation agreements, develop-

ment programmes and initiatives in the field of security and climate change. Through these mechanisms, the Union promotes normative convergence and supports the strengthening of regional organisations, contributing to the development of a rules-based international system.

A central element of the conceptual framework is the principle of effective multilateralism, which reflects the Union's commitment to solving global problems through institutionalised cooperation. Interregionalism allows for the coordination of positions within international organisations and facilitates the addressing of common challenges, such as climate change, energy security, migration and sustainable development.

At the same time, external regional policy also has an economic dimension, being oriented towards the development of trade and investment relations with other regions and towards the integration of value chains at global level. Interregional agreements contribute to the creation of extended economic spaces and the promotion of European standards in areas such as environmental protection, labor rights and market regulation.

From an institutional point of view, the European Union's external regional policy is characterised by a complex governance mechanism, in which competences are distributed between several institutions, each with a specific role in the development, coordination and implementation of external action. This institutional architecture reflects the hybrid nature of the European Union, which combines supranational elements with an intergovernmental dimension, particularly in the field of external relations.

The European Commission plays a central role in the economic and development cooperation dimension of external regional policy. It draws up proposals for interregional agreements, manages financial instruments for cooperation with other regions and ensures the implementation of sectoral programmes, such as those in the fields of trade, infrastructure, energy or climate change. Through specialised directorates-general, the Commission coordinates economic and technical cooperation policies, ensuring coherence between the Union's internal objectives and its external action.

The European External Action Service has the main responsibility for the political and diplomatic dimension of regional external policy. It supports the High Representative of the Union for Foreign Affairs and Security Policy in defining strategic guidelines and coordinating political dialogue with regional organisations and external partners. The European Union Delegations in different regions of the world act as contact points for the implementation of external policy, facilitating political dialogue, monitoring regional situations and coordinating cooperation projects.

The Council of the European Union and the European Council have the role of defining the general strategic guidelines of external regional policy. Member States actively participate in this process, setting the geographical and thematic priorities for interregional cooperation. The intergovernmental dimension is particularly important in sensitive areas, such as security and foreign policy, where decisions are taken on the basis of consensus or specific procedures.

The European Parliament contributes to strengthening the democratic legitimacy of external regional policy by approving international agreements, exercising scrutiny over the use of financial instruments and formulating recommendations on strategic guidelines. Parliament's involvement reflects the broadening of the democratic dimension of the Union's external action and the increase in the transparency of the decision-making process.

Coordination between these institutions is achieved through interinstitutional mechanisms that ensure the coherence of external action. As external regional policy combines trade, political and development instruments, it is necessary to integrate different sectoral policies into a unified strategy. For example, interregional agreements include both trade components, managed by the Commission, and political and security dimensions, coordinated by the European External Action Service.

The participation of Member States is essential for defining strategic guidelines and implementing regional external policy, as they contribute diplomatic, financial and technical resources. At the same time, coordination of national positions with the Union's common

position is necessary to ensure the coherence of external action and the credibility of the Union as a global actor.

This institutional structure reflects the multidimensional nature of regional foreign policy, which is not limited to trade relations, but includes political dialogue, development cooperation, security and the promotion of European values. The complexity of the institutional mechanism is determined by the need to integrate these dimensions into a coherent strategy, capable of responding to global challenges and strengthening the role of the European Union in international governance.

The conceptual framework of the European Union's external regional policy highlights its role as a promoter of interregionalism and multilateral cooperation. By using its integration experience and developing partnerships with other regions, the Union contributes to strengthening global governance and promoting a development model based on rules, cooperation and normative convergence.

16.2. European interregionalism: forms, mechanisms and actors involved

European interregionalism is a specific form of external action of the European Union, characterised by the institutionalisation of relations between the Union and other regions of the world, through political dialogues, cooperation agreements and coordination mechanisms within global governance. This approach reflects the Union's identity as a multilateral actor and promoter of regional integration, using its own experience to develop partnerships with regional organisations and to strengthen cooperation between regional blocs.

Conceptually, interregionalism represents a specific form of international cooperation that lies between classical bilateral relations and global multilateralism. In bilateral relations, cooperation takes place between two states or between a state and an organization, while in global multilateralism the interaction takes place within universal international organizations, where a large number of actors participate. Interregionalism introduces an intermediate

level, in which dialogue and cooperation are carried out between two regional entities, each with its own institutional structures and its own internal coordination mechanism.

In this model, the European Union does not act simply as a sum of member states, but as an integrated region, with common policies, supranational institutions and a unified position in external relations. This allows it to negotiate and cooperate with other regional organizations, which in turn represent groups of states. Thus, interaction is no longer fragmented at the national level, but takes place between regional blocs, which increases the coherence and efficiency of dialogue.

This form of cooperation provides a structured framework for addressing global issues, as it allows for the coordination of positions between regions before participating in multilateral forums. For example, interregional dialogue can harmonise positions on climate change, international trade or energy security, which facilitates the adoption of common solutions within international organisations. In this way, interregionalism contributes to the strengthening of multilateralism, as regions reach a higher level of convergence before global negotiations.

At the same time, interregionalism reflects a transformation of the international system, in which regions become relevant actors in global governance. The European Union promotes this model because its experience of regional integration allows it to support cooperation between regions and to use interregional dialogue as a tool for promoting European norms and values. Thus, interregionalism is not only a technical form of cooperation, but also a mechanism through which the Union contributes to the structuring of the international order based on regional cooperation and effective multilateralism.

The forms of European interregionalism are diverse and include relations between the European Union and regional organisations, strategic partnerships with groups of states and thematic interregional dialogues. Cooperation between the European Union and regional organisations in Africa, Latin America, Asia or the Pacific region are examples of institutionalised interregionalism. These rela-

tions are structured through regular summits, dialogue platforms and sectoral cooperation programmes.

The mechanisms of interregionalism represent the set of instruments through which the European Union develops structural relations with other regions of the world, going beyond ad hoc cooperation and creating stable frameworks for dialogue and joint action. These mechanisms are designed to integrate the economic, political and institutional dimensions of cooperation, which allows for a comprehensive approach to global problems.

Economic cooperation agreements constitute one of the central components of interregionalism. They aim to liberalize trade, facilitate investment, harmonize standards and develop economic infrastructure. By including chapters on sustainable development, environmental protection, labor rights or market regulation, the European Union promotes a normative model of economic integration. Thus, interregional partners are encouraged to adopt standards compatible with European ones, which leads to normative convergence and the creation of more coherent economic spaces.

Development programmes are another essential mechanism through which the Union supports the strengthening of the institutional capacities of regional partner organisations. These programmes include technical assistance, know-how transfer, funding for institutional reforms and public policy development. Their aim is to strengthen regional governance structures, improve coordination between the member states of the partner organisations and facilitate the implementation of common policies at regional level.

Interregional political dialogues provide a formal framework for exchanging positions and coordinating strategies in areas of common interest, such as climate change, energy security, migration or digital transformation. These dialogues take place at the level of summits, ministerial meetings or thematic working groups and contribute to defining common agendas. Through these mechanisms, the European Union promotes multilateralism and seeks to build consensus between regions on global challenges.

Joint initiatives in sectoral areas allow the development of concrete projects, such as energy infrastructure interconnection, cooperation

in migration management or research and innovation programmes. These initiatives have an operational character and contribute to creating tangible results of interregional cooperation.

An important effect of these mechanisms is the promotion of normative convergence, i.e. the approximation of the partners' legislative and institutional framework to European standards. This process does not involve the direct imposition of norms, but operates through dialogue, positive conditionality and the transfer of good practices. At the same time, strengthening the institutional capacities of the partner regional organisations allows them to become more effective actors in regional and global governance.

Interregionalism also facilitates the creation of cooperation networks between non-state actors, such as business, academic institutions and civil society organizations. These networks contribute to the intensification of economic exchanges, the development of scientific cooperation and the strengthening of cultural dialogue. The involvement of these actors extends the dimension of interregionalism beyond the governmental level and creates a social and economic basis for partnerships between regions.

Therefore, the mechanisms of interregionalism are not limited to formal agreements, but constitute a complex system of instruments that allow the European Union to promote regional cooperation, normative convergence and institutional development of partners, thus contributing to the strengthening of global governance and the coordinated approach to international challenges.

The actors involved in European interregionalism are multiple and reflect the complex nature of the Union's external action. At institutional level, the European Commission and the European External Action Service coordinate interregional relations, in collaboration with the Council and the Member States. Regional partner organisations play a key role in defining the cooperation agenda and implementing joint programmes. In addition, non-state actors, such as civil society organisations, the business community and academic institutions, contribute to developing interregional dialogue and strengthening economic and cultural ties.

European interregionalism has an essential economic component, as relations between regions are not limited to political dialogue, but include the development of trade, investment flows and cooperation in areas such as infrastructure, energy or digital technologies. Through interregional agreements, the European Union creates legal and institutional frameworks that reduce trade barriers, facilitate the access of products and services to partner markets and provide a higher level of legal certainty for investors. This stimulates economic integration between regions and contributes to the expansion of global value chains, in which different stages of production are located in distinct but interconnected regional spaces.

An important element of the economic dimension is the harmonisation of technical, health, environmental and social standards. By promoting regulatory convergence, interregional agreements facilitate trade and reduce compliance costs for businesses, as rules become more compatible across regions. At the same time, this process allows the European Union to promote high standards in the areas of consumer protection, labour rights and environmental protection, contributing to the creation of a global level playing field.

The political dimension of interregionalism is complementary to the economic one and is manifested by the promotion of democratic values, the rule of law and human rights in relations with other regions. Interregional political dialogues include topics such as institutional reform, good governance, the fight against corruption and the strengthening of administrative capacities. Through these mechanisms, the European Union seeks not only to develop economic relations, but also to create partnerships based on common principles.

Furthermore, interregionalism contributes to strengthening multilateral governance, as regions can coordinate positions and act in concert within international organisations. This coordination facilitates the adoption of common solutions at global level in areas such as climate change, international trade or energy security. Through interregional dialogue, the European Union seeks to build normative alliances and promote a rules-based international system, in which regional cooperation becomes a pillar of multilateralism.

Thus, European interregionalism combines the economic dimension, oriented towards the integration of markets and the development of value chains, with the political dimension, aimed at promoting values and strengthening global governance. This approach reflects the specific model of the European Union of using economic and normative instruments to project its influence in the international system and to support a global order based on cooperation and common rules.

16.3. Instruments of interregional cooperation: agreement programs and dialogue platforms

The European Union's interregional cooperation instruments represent the set of legal, financial and institutional mechanisms through which relations between the Union and other regions of the world are structured. These instruments enable the transformation of political dialogue into concrete actions and ensure the continuity of long-term cooperation, contributing to the development of strategic partnerships and the consolidation of global governance.

Interregional agreements constitute the legal basis for cooperation and define the general framework for relations between the European Union and partner regional organisations. These agreements include provisions on political dialogue, economic cooperation, sustainable development, security and the social dimension. They may take the form of association agreements, economic cooperation agreements or strategic partnerships and provide for institutional mechanisms for monitoring and implementing the commitments undertaken. Through these instruments, the Union promotes regulatory convergence and creates favourable conditions for the development of trade and investment relations.

Cooperation programmes are another essential instrument, having an operational character and being oriented towards the achievement of concrete objectives. These programmes include technical assistance, financing for infrastructure development, support for institutional reforms and projects in areas such as education,

research, energy, environment or digitalisation. Through these initiatives, the European Union contributes to strengthening the institutional capacities of partners and to the transfer of good practices in the field of regional governance.

Interregional dialogue platforms provide the institutional framework for information exchange, policy coordination and the definition of common agendas. They include interregional summits, ministerial meetings, thematic working groups and multilateral forums. Dialogue platforms facilitate the identification of common interests and the development of convergent positions in areas of global concern, such as climate change, energy security, migration or international trade. At the same time, they contribute to strengthening mutual trust and developing a culture of cooperation between regions.

Financial instruments also play an important role, enabling the implementation of cooperation projects and supporting the economic and institutional development of partner regions. External cooperation funds are used to finance development programmes, support reforms and promote regional integration in partner areas. These financial mechanisms reflect the solidarity dimension of the Union's external policy and contribute to reducing development disparities between regions.

In addition, interregional cooperation also involves networks of non-state actors, such as business, academic institutions and civil society organisations. The participation of these actors extends the dimension of cooperation beyond the governmental level and contributes to the development of economic, scientific and cultural links between regions. Academic mobility programmes, joint research projects and economic cooperation platforms are examples of instruments that facilitate these interactions.

The European Union's interregional cooperation instruments form an integrated system, combining legal agreements, operational programmes, dialogue mechanisms and financial resources. This structure allows the Union to develop sustainable partnerships with other regions, promote regulatory convergence and contribute to the consolidation of an international system based on regional cooperation and effective multilateralism.

16.4. The impact of interregionalism on global governance and the role of the EU as a global actor

European interregionalism exerts a significant influence on global governance, as it introduces an additional level of coordination between states and regional organizations, contributing to structuring international relations in a more coherent and predictable way. By developing interregional partnerships, the European Union promotes a model of cooperation based on rules, institutionalized dialogue and normative convergence, which complements the traditional mechanisms of multilateralism.

A first impact of interregionalism on global governance is to strengthen effective multilateralism. Regions can harmonize positions before negotiations in international organizations, which facilitates the adoption of global agreements in areas such as climate change, international trade, or sustainable development. This interregional coordination reduces the fragmentation of the international system and contributes to the creation of coalitions of actors that share common goals and principles.

Interregionalism also allows the promotion of international standards and norms, by extending the European regulatory model to relations with other regions. Through agreements and cooperation programmes, the European Union encourages the adoption of rules on environmental protection, labour rights, good governance and market regulation. This process of regulatory diffusion contributes to the creation of common regulatory frameworks and the reduction of asymmetries between regions.

The role of the European Union as a global actor is strengthened by its capacity to act as a facilitator of interregional dialogue and as a promoter of multilateral solutions. The Union has economic, financial and diplomatic instruments that allow it to initiate and support cooperation processes between regions. Through these instruments, the Union not only participates in global governance, but also actively contributes to shaping it.

The economic dimension of interregionalism has an important impact on the international economic order, through the development

of interregional trade agreements and the integration of global value chains. These processes contribute to the creation of extended economic spaces and the promotion of common standards in international trade. At the same time, they allow the European Union to strengthen its position in the global economy and diversify trade relations.

Interregionalism also has a political and security dimension, as it facilitates cooperation in crisis management, conflict prevention and the promotion of regional stability. Interregional dialogues allow for the exchange of information, policy coordination and the development of common mechanisms to respond to challenges such as migration, terrorism or energy security.

At the same time, interregionalism contributes to the development of more inclusive global governance, by involving regional organizations and non-state actors in international decision-making processes. Academic, economic and societal cooperation networks expand global participation and create a social basis for interregional partnerships.

However, the impact of interregionalism is influenced by differences in institutional capacity between regions, divergences of interests and geopolitical competition. In this context, the European Union must adapt its strategies to maintain the relevance of interregionalism as an instrument of external action.

Interregionalism strengthens the role of the European Union as a global actor, giving it the opportunity to promote multilateralism, disseminate norms and develop strategic partnerships. Through this approach, the Union contributes to shaping an international system based on regional cooperation, common rules and collective solutions to global challenges.

? Questions for discussion and evaluation

1. How can interregionalism be defined and what is its place in the European Union's external action?
2. How does interregionalism differ from bilateralism and multilateralism?
3. What are the main forms of interregional cooperation developed by the European Union?

4. What role do European institutions have in the development and implementation of external regional policy?
5. How do interregional agreements contribute to normative convergence and economic integration?
6. What is the impact of interregional dialogue platforms on the coordination of positions in global governance?
7. How does interregionalism support the promotion of democratic values and the rule of law?
8. What are the limits and challenges of interregional cooperation in the context of geopolitical competition?
9. How do differences in institutional capacity between regions influence the efficiency of interregionalism?
10. To what extent does interregionalism strengthen the role of the European Union as a global actor?



Bibliographic sources

1. European Commission. The EU as a Global Actor: European Interregionalism and Multilateralism. Brussels, recent editions.
2. European External Action Service. Interregional Relations of the European Union. Updated policy documents.
3. Börzel, T., Risse, T. From Europeanisation to Diffusion: Introduction. West European Politics.
4. Tèlò, M. European Union and New Regionalism: Regional Actors and Global Governance. Routledge.
5. Hänggi, H., Roloff, R., Rüland, J. Interregionalism and International Relations. Routledge.
6. Smith, M. The European Union in the Global Order: Contested Normative Power. Polity.

PRACTICAL APPLICATIONS



1. Test

1) Interregionalism represents

- a) cooperation between two states
- b) cooperation between a regional organization and individual states

- c) cooperation between two or more institutionally organized regions
- d) exclusively economic cooperation

2) An example of EU interregionalism is its cooperation with

- a) NATO
- b) ASEAN
- c) IMF
- d) WTO

3) Interregionalism lies between

- a) unilateralism and bilateralism
- b) bilateralism and multilateralism
- c) federalism and confederalism
- d) integration and globalization

4) An instrument of interregional cooperation is

- a) common monetary policy
- b) interregional cooperation agreement
- c) the common customs tariff
- d) the stability pact

5) The economic dimension of interregionalism aims at

- a) harmonizing electoral systems
- b) developing trade and investment relations
- c) creating a common army
- d) adopting the euro

6) Normative convergence implied

- a) the elimination of national legislation
- b) the approximation of standards and rules between regions
- c) the unification of currencies
- d) the reduction of cooperation

7) An institutional actor of European interregionalism is

- a) the European Central Bank
- b) the European External Action Service
- c) the Court of Justice
- d) the Committee of the Regions

8) Interregional dialogue platforms include

- a) only trade agreements
- b) summits and ministerial meetings
- c) constitutional treaties
- d) customs unions

9) An objective of interregionalism is

- a) isolating regions
- b) promoting effective multilateralism
- c) reducing political cooperation
- d) limiting trade

10) Interregionalism contributes to

- a) fragmentation of global governance
- b) coordination of positions in international organizations
- c) elimination of standards
- d) reduction of political dialogue

 2. Case study

The European Union is developing an interregional partnership with a regional organization in Asia, which includes an economic cooperation agreement, political dialogue on climate change and academic mobility programs.

Tasks:

1. Analyze the economic and political objectives of this partnership.
2. Identify the institutional instruments used for implementation.
3. Evaluate the role of regulatory convergence in trade facilitation.
4. Examine the impact of cooperation on global governance.
5. Propose measures to strengthen the societal dimension of the partnership.

 3. Logic exercise (correlation)

Match the interregional instrument with its main function:

- Interregional agreement
- Cooperation program

Dialogue platform
Financial instrument
Facilitating market access
Know-how transfer and institutional strengthening
Coordination of political positions
Financing of development projects

