



Jean Monnet
Centre of Excellence
JMCoE-USC



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CAZACU VITALIE
BADARAU ELENA
GOLOVATAIA LUDMILA

EUROPEAN INTEGRATION

Course notes

Chisinau, 2026

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Course notes „European Integration" constitute a study elaborated on the basis of a systemic analysis of specialized literature, which reflects a study elaborated on the basis of a systemic analysis of specialized literature, which reflects the conceptual, legal, institutional and economic evolution of the European integration process, as well as the recent transformations of the European Union in the context of contemporary global challenges.

The work is intended for students, master's students, doctoral students and those interested in European integration and food security.

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LIST OF ABBREVIATIONS

art.– article
AFSJ / SLSJ– Area of freedom, security and justice
ECB– European Central Bank
CEC– European Court of Auditors
ECHR– European Convention on Human Rights
EESC– European Economic and Social Committee
ECJ– Court of Justice of the European Union
Choir– Committee of the Regions
EASO / EUAA– (former) European Asylum Support Office / EU Agency for Asylum
ESM / EEM– European Stability Mechanism
EAW / MFA– European arrest warrant
EPPO– European Public Prosecutor's Office
brothers– EU Agency for Fundamental Rights
GSP– Stability and Growth Pact
SIS– Schengen Information System
OSH– Single Supervisory Mechanism (Banking Union)
SRM– Single Resolution Mechanism (Banking Union)
SRB– Single Resolution Board
EEAS– European External Action Service
TFEU– Treaty on the Functioning of the European Union
TEU– Treaty on European Union
EMU– Economic and Monetary Union
eu- European union
DREAM– Visa Information System
UNWTO– Outright Monetary Transactions (ECB program, mentioned in the context of the euro crisis)
WTO- World Trade Organization

INTRODUCTION

The course notes „European Integration" constitute a study developed based on the systemic analysis of specialized literature, which reflects the conceptual, legal, institutional and economic evolution of the European integration process, as well as the recent transformations of the European Union in the context of contemporary global challenges.

The paper aims to provide an integrated perspective on the European construction, addressing both the theoretical foundations of integration (the European idea, the stages and forms of economic and political cooperation) and the institutional and legal mechanisms that ensure the functioning of the Union. The analysis is structured in a progressive manner, from general concepts to sectoral policies and current dimensions of European governance.

The material was developed using the founding treaties of the European Union, official documents of the European institutions, the case law of the Court of Justice of the European Union, as well as relevant contributions from national and international academic literature. Particular attention is paid to recent developments regarding the Internal Market, the Economic and Monetary Union, the Common Commercial Policy and the Common Agricultural Policy, reflecting the dynamics of the integration process at the current stage (2025).

The course notes combine theoretical and applied analysis, providing students with a solid conceptual framework for understanding the interdependencies between Member States, the fundamental principles of Union law and multilevel governance mechanisms. At the same time, the work encourages critical thinking and the ability to evaluate European policies from the perspective of sustainability, cohesion and democratic legitimacy.

European integration represents one of the most complex and ambitious political, legal and economic processes of the contemporary era. Its evolution, from a limited sectoral cooperation to a Union with extended competences in essential areas of economic and social life, reflects the capacity of European states to build an original model of supranational governance, based on solidarity, interdependence and respect for the rule of law. In this context, understanding the mechanisms, principles and dynamics of European integration becomes essential for the training of specialists in the economic, legal and administrative fields.

The course notes „European Integration" are designed as a structured teaching tool, based on the systemic analysis of the specialized literature, the constitutive treaties and the recent institutional developments of the European Union. The work aims to provide a coherent perspective on the institutional architecture of the Union, the decision-making and jurisdictional mechanisms, as well as on the main common policies that structure the functioning of the Internal Market and the Economic and Monetary Union. The proposed approach is an interdisciplinary one, combining the legal, economic and political-institutional dimension of integration. Both the theoretical foundations of the European idea and contemporary developments related to strategic autonomy, green transition, digitalization, economic security and institutional resilience are analyzed. Particular attention is paid to the relationship between the unity of rules and the diversity of the Member States, as well as the balance between economic efficiency and social cohesion.

In the development of these course notes, relevant doctrinal sources, official documents of the European institutions and the case law of the Court of Justice of the European Union were used, thus ensuring scientific rigor and informational topicality. The material is progressively structured, facilitating the accumulation of knowledge from fundamental concepts to applicative analyses and critical evaluations.

The main aim of the paper is to contribute to the formation of a deeper understanding of European integration as a dynamic process, characterized by continuous adaptation to internal and external challenges. At the same time, these course notes aim to develop students' critical analysis skills, stimulating reflection on the sustainability and future of the European project in the context of 2025 and its strategic perspectives until 2030.

The structure of the work is organized progressively, from fundamental concepts to sectoral policies and critical analyses. Each chapter aims to combine the theoretical dimension with practical applications and relevant examples, facilitating the understanding of the complex mechanisms of European governance. Explanations are included regarding the functioning of the institutions, the legislative process, the mechanisms of judicial control and the economic implications of common policies.

The purpose of these lecture notes is multiple:

- strengthening fundamental knowledge on European integration;
- developing the capacity for critical analysis of European policies;

- understanding the interdependence between the national and European levels;
- forming a systemic perspective on the evolution of the European Union.

In conclusion, the work „European Integration" aims to provide not only a didactic support, but also a conceptual framework for academic reflection. In a period in which the European Union is undergoing profound transformations, understanding the internal logic of integration and its adaptation mechanisms becomes indispensable for the training of specialists capable of critically analyzing and contributing to the development of the European project.

Studying the discipline „European Integration" aims to develop a complex set of theoretical, analytical and applied skills, necessary for a thorough understanding of the European integration process and the functioning of the European Union at the current stage.

General skills:

- The ability to analyze complex political-economic processes from a systemic and interdisciplinary perspective.
- Developing critical thinking in relation to institutional developments and European Union policies.
- Understanding the interdependence between the national and supranational levels within European governance.
- Applying theoretical concepts to concrete situations in European institutional and economic practice.

Specific competencies. After completing this subject, students will be able to:

- to explain the theoretical foundations of European integration and the main historical stages of its evolution;
- describe the institutional architecture of the European Union and decision-making mechanisms;
- to analyse the fundamental principles of Union law (supremacy, direct effect, subsidiarity);
- to assess the functioning of the Internal Market and the impact of the four fundamental freedoms;
- interpret the role of the Economic and Monetary Union and the euro in European economic stability;
- to analyze common policies (trade, agriculture, competition) in the context of current transformations;

- to formulate critical arguments regarding the sustainability and prospects of European integration until 2030.

Learning outcomes: At the end of the study, students will demonstrate:

- knowledge of the structure and functioning of the European Union;
- the ability to identify interdependencies between European policies;
- the ability to analyze the impact of European decisions on national economies;
- the ability to argue, in a well-founded manner, the advantages and limits of European integration;
- the ability to correlate the process of European integration with global geopolitical and economic dynamics.

European integration is a dynamic and complex process, characterized by the permanent interaction between the legal, economic and political-institutional dimensions. From the first forms of sectoral cooperation to the current architecture of the European Union, the evolution of integration reflects the capacity of Member States to build a common governance framework, based on rules, solidarity and shared strategic objectives.

The analysis carried out in these course notes highlights the fact that the European Union is not a static project, but a construction continuously adapting to the transformations of the international environment and to internal challenges. The Internal Market, the Economic and Monetary Union, the common policies and the jurisdictional mechanisms represent fundamental pillars of this system, and their functioning depends on the balance between the normative unity and the diversity of the Member States.

In the current phase, marked by the green transition, digital transformation, geopolitical competition and the need to strengthen economic resilience, European integration is redefining its priorities, without abandoning its founding values: democracy, the rule of law, solidarity and cohesion. The sustainability of the European project by 2030 will depend on the Union's ability to combine economic competitiveness with social equity and environmental protection, while maintaining democratic legitimacy and citizens' trust.

Therefore, the study of European integration is not just an analysis of an institutional system, but a reflection on a model of regional cooperation unique in the world, which continues to influence the global economic and political architecture. A deep understanding of this process is an essential condition for the training of specialists capable of critically analyzing and actively contributing to the evolution of European construction.

UNIT I: HISTORY OF EUROPEAN INTEGRATION AND BASIC CONCEPTS IN EU LOW.

1.1. Genesis and evolution of the European idea in historical and political-institutional context
1.2. Dynamics of stages and forms of economic integration in Western Europe: from sectoral cooperation to the single market
1.3. Substantiating and strengthening the four fundamental freedoms as pillars of the European Union's Internal Market
1.4. Economic and Monetary Union and the architecture of European economic governance: macroeconomic convergence, fiscal coordination and resilience mechanisms
1.5. European integration in the 21st century: enlargement processes, differentiated integration and the structural transformation of the Single Market
1.6. Fundamental concepts and structuring principles of European Union law

The purpose of the topic

Studying the content and process of establishing and consolidating the European Union, with an emphasis on historical foundations, forms of economic integration, the functioning of the Single Market and contemporary developments in economic governance, fundamental concepts of European Union law.

Theme objectives

After completing this topic, you should be able to:

- describe the main stages of the evolution of the European Union;
- explain the essence and operating conditions of the Customs Union;
- to delimit the content and differences between the „common market" and the „single market";
- argue the role of the four freedoms in the efficiency of the Single Market;
- identify the premises for the formation of the Economic and Monetary Union;

- to present the content and stages of building the Economic and Monetary Union.
- to know fundamental concepts of European Union law

1.1. The genesis and evolution of the European idea in historical and political-institutional context.

In the specialized literature, the thesis is frequently found that the idea of a European community has ancient roots, stretching back almost two millennia. Numerous thinkers, jurists and politicians have designed, in different historical contexts, formulas for a "European order" intended to reduce rivalries between powers and to provide a common framework for peace, cooperation and prosperity. In this section, we do not aim to exhaustively list all doctrinal projects or practical attempts, nor to analyze in detail the causes of failures. The emphasis is on the moments and ideas that mark the transition from general visions of European unity to a concrete project of economic and political integration.

Europe claims its heritage from Greek and Roman civilization, as well as from the Christian tradition, and the first forms of political unification were achieved around Rome. The Roman Empire established, for the first time, a continental-wide legal and administrative order: the legions extended Roman authority from the Black Sea area to Britannia, from the Carpathian region to the Iberian Peninsula, imposing a common framework of law, infrastructure and governance. On a symbolic and institutional level, this political unity was later complemented by the religious dimension: against the backdrop of the decline of the „pax romana", the spiritual order of the „pax christiana" became a factor of cohesion and legitimization.

After Antiquity, a new major attempt at unification was associated with Charlemagne, who managed to consolidate an empire with a territorial geometry broadly comparable to the geographical area of the states that would much later become the founding core of the Common Market. However, in the feudal era, competition for sovereignty, the expansion of domains and rivalries between dynasties shifted the center of gravity from continental projects to fragmented logics of power. It was not until the end of the 14th century that the idea of a European organization re-

appeared, initially timidly, then more articulately in the following centuries, through proposals for assemblies of sovereigns intended to maintain peace and mediate conflicts.

An early landmark is the work of Pierre Dubois („The Very Christian Republic", 14th century), where an important conceptual change is observed: instead of the principle of subordination, the author advances the idea of an equal relationship between sovereigns, in a construction led by a secular council of wise men and experts, with the Holy See as the moral arbiter. In another register, the project of the King of Bohemia, Georg Podiebrad (1462), entitled „Congregatio Concordiae", proposes a permanent reunion of Christian princes to ensure peace and organize common action, including through their own administrative and financial resources. In contemporary terms, this would resemble the embryo of a permanent international conference, with institutions and operational capacities.

In the 17th century, Maximilien de Béthune (Sully), minister of Henry IV, formulated (1645) a federalist organizational plan, also motivated by confessional cleavages. The construction imagined a federation with a strong political center, a representative parliament (66 members, periodically renewed) and even a common army with precise strategic objectives. The significant element, for the history of integrationist ideas, is the explicit appearance of economic clauses and institutional mechanisms, which moves the project from a simple „alliance" to a possible architecture of common governance.

In 1693, William Penn advocated a permanent contract between the sovereigns of Europe and a European parliament in which representation would reflect the economic, political and social importance of the states. Even if his proposals were adapted to the realities of the time, the intuition of proportional representation and a supranational deliberative forum would remain relevant in subsequent developments. In 1713, the abbot of Saint-Pierre published the draft treaty for „perpetual peace" in Europe, insisting on arbitration as a method of resolving disputes and on the economic benefits of continuous and generalized trade.

At the end of the 18th century, philosophical reflection brings an added normative rigor. Immanuel Kant (1795) advances the idea of a federation of republican states, which would renounce the instrument of war

as a foreign policy mechanism, promoting non-interference in internal affairs and the reduction of militarization. In the same century, Rousseau imagines confederal formulas, Montesquieu seeks models in historical leagues, Voltaire projects the achievement of unity through enlightened leadership, and Bentham proposes institutions with public debates, a court of arbitration and a common army, along with the idea of renouncing colonies as a source of costs and conflicts. The century ends, however, with a historical demonstration of a „union by force": the Napoleonic experience, which, although it temporarily reconfigured the continent, could not generate a legitimate and lasting order.

In the 19th century, in a context of nationalism and industrial transformations, the expression „United States of Europe" (1848) appeared. Victor Hugo, one of the symbolic supporters of this idea, imagined a fraternity of European nations capable of preserving national identities but reducing structural rivalries. In reality, the continent remained deeply divided, and the two world wars would show the extreme costs of confrontation between states.

During the interwar period, the Pan-European Movement attempted to coagulate a federal project, and at the governmental level, the initiative of Aristide Briand (French Foreign Minister) explicitly introduced the idea of a European federal structure. However, the global economic crisis and the escalation of geopolitical tensions prevented the project from materializing.

After 1945, Europe found itself with severely damaged infrastructure and productive capacities. Even in this context, the idea of European unity took on a pragmatic character: peace became inseparable from reconstruction and economic interdependence. Winston Churchill's speech (Zurich, 1946) is often cited as the moment of relaunching the vision of an organized, stable and secure Europe, in which a „European family" could prevent the recurrence of catastrophes. In 1947–1948, the Marshall Plan (the reconstruction program supported by the US) was accepted by the states of Western Europe, and the efficient management of resources stimulated institutional cooperation.

The first post-war structures reflect this shift from cooperation to integration:

- **1948:** Organization for European Economic Cooperation (for coordinating reconstruction aid);
- **1948:** The Benelux Customs Union (Belgium, Netherlands, Luxembourg), as an example of functional integration;
- **1949:** The Council of Europe, oriented towards cultural cooperation and the protection of human rights, with a role in the European architecture of human rights justice.

These developments create the premises for a historic transformation: the European project begins to take shape as an incremental process, in which security, development and legitimacy are consolidated through common institutions and shared rules.

1.2. Dynamics of stages and forms of economic integration in Western Europe: from sectoral cooperation to the single market.

The first phase of post-war integration is associated with the functionalist vision of Jean Monnet, who proposed that strategic sectors of the European economies be placed under common management, in order to diminish Franco-German rivalry and make war „not only unthinkable, but materially impossible". The idea of common management of coal and steel production (decisive branches for industry and armaments) was taken up and transformed into a political initiative by Robert Schuman, the French Foreign Minister. In May 1950, he announced the plan to create the European Coal and Steel Community (ECSC), as the first institutional step towards an integrated Europe.

The Treaty of Paris (1951), signed by Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands, established the ECSC, and the community became operational in 1952, with Jean Monnet as the first President of the High Authority. Conceptually, the ECSC represented a break with classical intergovernmental cooperation: the states transferred powers to a common authority, whose members exercised powers in the European interest, not as delegates of the national governments. The major objectives of this phase can be summarised as follows: Franco-German reconciliation, testing the possibility of a common market and laying the foundations for a new European architecture.

Later, integration was extended to other areas. Within the „Six" there were different preferences: France emphasized transport and energy (in-

cluding nuclear energy), while West Germany and the Benelux countries supported the priority of trade and the extension of liberalization. The Dutch Memorandum of 18 May 1955 proposed the extension of liberalization to all products and the development of common policies in transport and energy. At the Messina Conference (1955), the foreign ministers of the six approved a resolution stating the need for a new stage, centered on economic integration, through common institutions, the rapprochement of national economies, the creation of a common market and social harmonization, with the explicit objective of raising living standards.

The second stage is linked to the Intergovernmental Conference in Brussels (1955–1956), chaired by Paul-Henri Spaak. The Spaak Report (April 1956) offers solutions regarding the customs union and cooperation in atomic energy, which leads to the signing of the Treaties of Rome (1957):

- Treaty establishing the European Economic Community (EEC);
- Treaty establishing the European Atomic Energy Community (EURATOM).

From an economic perspective, the EEC Treaty provides for the gradual abolition of customs barriers, quantitative restrictions and other equivalent obstacles, as well as the establishment of a common customs tariff with third countries. It includes separate provisions for agriculture (specific arrangements), investment instruments (European Investment Bank), the association of overseas territories and development mechanisms. The Treaties are ratified in 1957 and enter into force on 1 January 1958.

The Treaty of Rome enshrined the objective of the Common Market: a single economic area, based on the free movement of goods, services, persons and capital, under conditions of fair competition and common rules. This represents, in analytical terms, the transition from a sectoral project (ECSC) to an integrated market project.

The third stage is marked by institutional consolidation: in 1965 the executive structures of the three communities (ECSC, EEC, EURATOM) merge, leading to a more coherent governance, with a common budget and common institutions. In parallel, the Customs Union is completed (1968), and the Common Agricultural Policy (CAP) is established in 1962–1964, becoming one of the most important common policies.

The fourth stage is carried out under two signs: enlargement and deepening (consolidation). Enlargement takes place in successive waves: 1973 (Denmark, Ireland, United Kingdom), 1981 (Greece), 1986 (Portugal, Spain), 1990 (integration of the Länder of the former GDR), 1995 (Austria, Finland, Sweden). Deepening is reflected in the adaptation of policies and institutions to the new realities: 1979 (European Monetary System and ECU), 1987 (Single European Act – reforms in decision-making mechanisms and impetus for the internal market), 1991–1993 (Maastricht Treaty – birth of the European Union and the path to the single currency), 1999 (launch of the euro as a single currency, with phased introduction).

In summary, Western European integration has reached an unprecedented level, both quantitatively (market size) and qualitatively (policy harmonization). The European Union is often considered the most advanced example of international economic integration, as it goes beyond simple trade liberalization and involves macroeconomic coordination, common rules, and supranational institutions.

1.3. Substantiating and consolidating the four fundamental freedoms as pillars of the European Union's Internal Market.

From the very beginning, the EEC aimed to establish a common market as the core of the European project. The elimination of internal barriers allowed the creation of a relatively homogeneous economic space, in which exchanges were stimulated by common rules and reduced transaction costs. The foundation of the functioning of this market is the four freedoms: the free movement of goods, persons, services and capital.

The Treaty of Rome explicitly formulates the mission of the community: the achievement of the common market and the gradual approximation of economic policies for harmonious development, balanced expansion, increased stability, raising the standard of living and strengthening relations between the Member States. The implementation of this objective was scheduled for a transitional period of 12 years, reflected in a substantial body of articles dedicated to the common market.

However, the early 1980s brought a slowdown, as some freedoms advanced unevenly: goods moved relatively more freely, while services, capi-

tal and labour mobility faced persistent obstacles, exacerbated by recession and unemployment. In this context, the Single European Act set a clear timetable for the internal market, with a deadline of 31 December 1992, defining the single market as an „area without internal frontiers" in which freedoms were guaranteed by the Treaties and secondary legislation.

A. Free movement of goods

The founding states achieved the customs union relatively quickly, which meant: (i) the elimination of tariff barriers internally and (ii) the adoption of a common trade policy towards third parties, including a common customs tariff. The need for this common tariff was obvious: in its absence, differences in external tariffs would have created distortions (imports „circumvented" through countries with lower tariffs). After the elimination of tariffs, attention shifted to quantitative restrictions and measures with equivalent effect, used to protect national production. In intra-community trade, such barriers were, over time, eliminated.

In parallel, the integration of the goods market has required the simplification of border formalities and the harmonisation of technical standards. The agreement of the Council of Ministers (1984) on the simplification of procedures and the introduction of the single Community document (since 1988) are examples of the reduction of the „administrative costs" of intra-EU trade. In the mature phase of the single market, the main obstacles become of a regulatory nature: health, safety, consumer protection, competition, technical and quality standards. These are coordinated through standardisation bodies and harmonised legislation (including VAT and excise duties), and failure to comply with the rules can lead to proceedings before the Court of Justice, whose decisions are binding.

B. Free movement of services

Although services represent the dominant segment of employment in the EU, their liberalisation has been slower than that of goods, due to the specificities of national regulations and sectoral sensitivities (finance, insurance, telecommunications, transport). The liberalisation of banking services has been consolidated with the single market (since the early 1990s), through rules allowing credit institutions authorised in one Member State to establish and operate in others, including through branches, with a reduction in additional authorisations. The integration of insur-

ance and investment services has also followed a gradual timeline.

A key principle is non-discriminatory treatment: nationals of one Member State must benefit from the same regime as nationals in another Member State. Initially, the Treaty imposed a „freezing" of restrictions (no new ones should appear), followed by the gradual elimination of existing ones. A difficult chapter was the recognition of diplomas and qualifications: the full harmonisation of education systems was too slow, so the move was towards mutual recognition combined with compensatory mechanisms (adaptation periods or aptitude tests), when the differences in training were substantial.

C. Free movement of persons

Of the four freedoms, the mobility of persons has historically raised the most problems, as it intersects the labour market with internal security and public order. The EEC Treaty imposes two principles: the achievement of the free movement of workers and the prohibition of discrimination on grounds of nationality as regards employment, remuneration and working conditions. There are, however, exceptions, such as certain functions in the public administration and the possibility of limitations on grounds of public order, security or public health.

The decision of 29 July 1968 on the free movement of employed workers had concrete effects: the elimination of work permits for Community citizens and the recognition of the right to apply for the labour market under similar conditions to nationals, while maintaining a preference for Community workers over those from third countries.

The Schengen Agreement (1985), originally signed by Germany, France and the Benelux states, aims at the gradual abolition of internal border controls and the development of a common framework for external borders: uniform controls, a common visa regime, a coordinated approach to asylum and police cooperation, including in the fight against drug trafficking. For citizens and businesses, the freedom to travel and operate across borders remains one of the most visible symbols of the Single Market.

D. Free movement of capital

Capital mobility is essential for the functioning of the internal market: without the free movement of capital, financial integration and the efficient allocation of resources remain limited. Liberalisation has evolved

unevenly: after early progress in the 1960s, stagnation and setbacks followed until the mid-1980s, then a relaunch in the context of the single market and financial integration.

The Treaty of Rome enshrines the principles of the free movement of capital and non-discrimination of payments (according to origin and destination). It is recommended to avoid internal exchange restrictions and gradually reduce existing limitations, to the extent necessary for the functioning of the market. A central element is the prohibition of discrimination based on the nationality or residence of the parties and the location of the investment. At the same time, the treaty provides for the possibility of safeguard clauses to prevent major imbalances, while subsequent developments have led to almost complete liberalization, under supervision and common rules.

1.4. Economic and Monetary Union and the architecture of European economic governance: macroeconomic convergence, fiscal coordination and resilience mechanisms.

Economic and Monetary Union (EMU) represents the advanced level of European economic integration, in which the Member States coordinate their economic and budgetary policies, and the participating states in the euro area use a common currency and a single monetary policy. The rationale for EMU is multiple: reducing transaction costs and exchange rate risk, increasing price transparency and intensifying competition, macroeconomic stability, deepening the internal market and financial integration.

Analytically, EMU correlates with the Optimal Monetary Area theory (Mundell): a monetary union is more robust if there is high factor mobility, price and wage flexibility, synchronization of business cycles and risk-sharing mechanisms (including fiscal transfers or equivalent instruments). The post-2008 crises have demonstrated that a monetary union cannot function solely on the basis of nominal convergence; an institutional capacity to absorb shocks is also required, through credible rules and stabilization instruments (banking supervision, stability mechanisms, fiscal coordination).

The EMU architecture can be structured into four interconnected pillars:

- **Single monetary policy**(euro area) – carried out by the European Central Bank, with the primary objective of price stability, using instruments such as interest rates and market operations.
- **Coordination of economic policies**– through surveillance procedures and joint recommendations (e.g. the European Semester and macroeconomic coordination).
- **Budgetary discipline and debt sustainability**– through fiscal rules and monitoring mechanisms, traditionally associated with the Stability and Growth Pact, adjusted over time in response to crises.
- **Banking Union and financial stability**– joint supervision, resolution mechanisms and systemic risk reduction, with the objective of preventing the bank-sovereign debt „vicious circle".

In recent years, the EU has experienced repeated shocks (financial crisis, pandemic, war in Ukraine, inflationary tensions), which has required a reconfiguration of economic governance: combining fiscal discipline with the protection of strategic investments (green and digital transition, security, competitiveness), as well as increasing „national ownership" of medium-term fiscal plans.

A key moment is the new EU economic governance framework that entered into force on 30 April 2024, which reformed fiscal rules. The essence of the change: moving from a uniform, rigid approach to multi-annual budgetary trajectories tailored to each state, with a focus on expenditure dynamics and adjustment programs that can integrate reforms and investments. In academic interpretations, the reform is seen as an attempt to maintain fiscal discipline and reduce procyclicality, while facilitating priority investments; however, debates persist regarding the complexity of implementation and the efficiency of governance.

Furthermore, EU political and economic language increasingly describes integration through the lens of resilience:

- resilience of supply chains;
- energy and industrial security;
- competitiveness and strategic autonomy;
- financial stability.

This orientation is also reflected in the strategic agenda of the 2024–2029 institutional cycle, which focuses on a secure, competitive and en-

largement-ready Europe. Consequently, EMU is understood today not only as a monetary union, but as a construct of economic governance in which fiscal discipline, strategic investments and financial stability must be harmonized within a framework adapted to contemporary systemic risks.

1.5. European integration in the 21st century: enlargement processes, differentiated integration and the structural transformation of the Single Market.

Historically, enlargement has acted as an accelerator of integration: it has enlarged the market, increased economic critical mass and strengthened regional stability. In the 21st century, however, enlargement has become more difficult because it involves:

- alignment with the community acquis in a denser regulatory environment;
- strengthening the rule of law and institutional capacity;
- making economies compatible with advanced requirements (digital single market, green transition, fiscal governance, competitiveness standards).

In practice, the EU increasingly operates through differentiated integration (uneven participation in policies): not all states are simultaneously part of the euro area, Schengen or certain components of cooperation in justice and home affairs. This differentiation is explained by:

- the diversity of national preferences and interests;
- internal political constraints;
- the need to move forward without institutional blockages.

Didactically, differentiated integration can be presented as a compromise: it maintains the common direction of the European project, but generates challenges to legal coherence and democratic legitimacy (differences in rights/obligations, „center-periphery" perceptions, increased complexity of the regulatory framework).

If „classical" integration aimed at eliminating tariff and quantitative barriers, the current stage primarily targets regulatory barriers and the development of common frameworks for:

- digitalization (digital services, data economy, interoperability);
- green transition (standardization, taxonomy, sustainable financing);
- industrial competitiveness and strategic autonomy (critical capabilities, reducing dependencies).

The EU guidelines for 2024–2029 place an explicit emphasis on competitiveness, investment and preparation for a "bigger" and "stronger" Union, which implies both deepening the Single Market and institutional adaptation to new members and new risks.

The free movement of persons remains one of the most sensitive freedoms, as it intersects with the labour market, internal security and asylum policies. In 2024, the EU moved towards a common framework through the Pact on Migration and Asylum, which aims at faster procedures, more coherent border management and solidarity mechanisms between states. For the course notes it is important to underline that the application of these rules involves transitional stages, institutional adaptations and differentiated administrative capacities between states.

In conclusion, contemporary European integration is organized around three coexisting axes:

- **expansion**(with increased conditionality),
- **deepening**(through common regulations and policies in digital and green),
- **differentiating** (variable speed depending on domains and states).

Together, they define a new phase of the European project, in which the market, security and resilience become inseparable objectives.

1.6. Fundamental concepts and structuring principles of European Union law.

European Union law (EUL) is a distinct legal system, born from the founding treaties and progressively developed through secondary legislation, the case law of the Court of Justice of the European Union (CJEU) and institutional practices. Its specificity derives from the fact that it is not just a set of rules for international cooperation, but a normative framework capable of producing direct effects in the legal order of the Member States and of structuring, in a coherent manner, a common legal area. Conceptually, EU law is simultaneously a product of the will of the States (through treaties) and an instrument of integration which, once established, operates according to its own logic: legal autonomy, supremacy, direct effect, specific jurisdictional mechanisms and an institutional architecture that combines the supranational and intergovernmental dimensions.

A first essential concept is the autonomy of the Union's legal order. This expresses the idea that EU law constitutes a legal order of its own, distinct from classical international law and, at the same time, integrated into the internal legal order of the Member States. Autonomy does not mean isolation, but the affirmation of a normative and jurisdictional capacity that guarantees the unity and coherence of the application of EU law throughout the Union. In practical terms, autonomy is reflected in the fact that the authentic interpretation of EU rules belongs to the CJEU, and their effectiveness cannot be relativized by internal rules that would produce fragmentation or divergent applications. This results in a structural requirement: EU rules must be interpreted and applied uniformly, so that the internal market, citizens' rights and the functioning of common policies do not depend on the legislative or administrative variations of each Member State.

At the heart of the Union's legal logic is the principle of conferral. The Union does not have general competence, but acts only within the limits of the competences conferred by the Member States in the Treaties. Conceptually, this principle represents the „keystone" of the legitimacy of EU action: any act, policy or institutional intervention must be based on a legal basis in the Treaties (relevant article) indicating the scope and type of competence. This gives rise to a fundamental technical-legal exercise: identifying the correct legal basis, since the legal basis determines the applicable legislative procedure, the role of the institutions, the type of majority in the Council and, sometimes, the degree of harmonisation permitted. At the same time, the principle of conferral is complemented by two criteria for „calibrating" EU action: subsidiarity and proportionality.

Subsidiarity is relevant in shared competences and implies that the Union intervenes only if the objectives cannot be sufficiently achieved by the Member States and can be better achieved at Union level. Proportionality requires that EU measures do not go beyond what is necessary to achieve the objective pursued. Together, these principles shape the balance between the effectiveness of integration and respect for national diversity.

Another defining dimension is the hierarchy and typology of the sources of law of the European Union. At the top of the hierarchy is primary law, consisting of the EU treaties (TEU and TFEU), protocols, annexes, and the Charter of Fundamental Rights (with equivalent legal value to

the treaties). Primary law establishes the powers, institutions, procedures, objectives and general principles. On this basis, derived law is built, consisting of legislative and non-legislative acts: regulations, directives, decisions, recommendations and opinions. The regulation is general in nature and directly applicable; the directive binds the Member State as to the result, leaving freedom as to the form and means; the decision is binding in its entirety on its addressees. Soft law instruments (guidelines, communications, codes of conduct) revolve around these acts, which, although not strictly binding, exert a significant influence in practice, guiding institutional and administrative behaviour and even legal interpretations.

In this framework, two concepts have redefined the relationship between EU law and national law: the principle of supremacy (primacy) of EU law and the principle of direct effect. Supremacy expresses the rule according to which, in the event of conflict, EU law prevails over national law, regardless of the rank of the national rule (including over ordinary laws and, in practice, over constitutional provisions, to the extent that the conflict concerns the application of the EU rule in its field of competence). In functional terms, supremacy is indispensable for the unity of the legal order and for avoiding normative „forum shopping": the same legal situation must produce comparable effects in all Member States. Direct effect, in turn, refers to the capacity of sufficiently clear, precise and unconditional EU rules to confer rights or obligations directly on individuals, who can invoke them before national courts. Through direct effect, EU law becomes an instrument of immediate legal protection, going beyond the traditional logic of international treaties, where the individual is often an indirect beneficiary.

Correspondingly, the principle of conforming interpretation operates: national courts and authorities are obliged to interpret domestic law, as far as possible, in the light of the text and purpose of EU law, in order to ensure the useful effect (effet utile) of European rules. Conformity interpretation does not replace the national legislator, but imposes a pro-European hermeneutic orientation, which reduces the risk of conflicts and facilitates uniform application. When conforming interpretation is not possible, either the non-application of the contrary domestic rule (based on supremacy) or the engagement of the State's liability becomes relevant.

This is where a fundamental concept for the effectiveness of EU law

comes into play: State liability for breaches of Union law. In the logic of integration, the rights conferred by EU rules would not be real if their breach remained without consequences. The State can therefore be held liable (including pecuniary) when, through a sufficiently serious breach of EU law, it causes damage to individuals. State liability functions as a mechanism for legal discipline and for restoring balance: it stimulates the correct transposition of directives, the loyal application of common rules and the prevention of contrary administrative practices.

As a whole, EU law is also based on the principle of sincere cooperation, which obliges Member States and EU institutions to support each other in fulfilling the tasks of the Treaties. Sincere cooperation has a cross-cutting role: it underpins the obligation of States to take all necessary measures to implement EU law, not to adopt acts which would jeopardise the objectives of the Union and to ensure the effectiveness of its application. At the same time, the principle also operates as a standard of institutional behaviour: EU institutions must act in a coordinated manner, respect institutional balance and avoid actions which would infringe the competences of other institutions.

Another conceptual core is effective judicial protection. EU law is not only a set of substantive rules, but also a system of procedural guarantees that allow rights to be defended. This pillar is supported by two complementary levels: national courts, as "judges of EU law" in the domestic order, and the CJEU, as the supreme court for the interpretation and review of the legality of EU acts. The emblematic legal instrument of judicial cooperation is the preliminary ruling procedure, through which national courts can (and sometimes must) ask the CJEU for the interpretation of EU law or the validity of Union acts. The preliminary ruling procedure strengthens uniformity of interpretation, prevents fragmentation and builds a constant judicial dialogue between the national and European levels.

With regard to the normative architecture, the role of the general principles of EU law, which function as standards of control of legality and as instruments to supplement written rules, should be highlighted. Principles such as equality, non-discrimination, legal certainty, legitimate expectations, the right of defence, proportionality and effective judicial protection are used to interpret secondary legislation and to verify the legality of the

institutions' actions. In recent years, the axiological dimension of EU law has been strengthened by the Charter of Fundamental Rights, which crystallized in a single document the standards of civil, political, economic and social rights applicable in the sphere of competence of the Union. Thus, fundamental rights are not just a „constitutional ornament", but an operational criterion in the examination of EU acts and, under certain conditions, of the actions of Member States when implementing EU law.

A particularity of great importance for the understanding of EU law is the concept of citizenship of the Union, which complements national citizenship. EU citizenship does not replace state membership, but confers a set of rights: freedom of movement and residence, equal treatment in certain areas, diplomatic and consular protection, electoral rights at local and European level, as well as petition rights and access to EU institutions. From a systemic perspective, EU citizenship reflects the transformation of integration from a predominantly economic project into a political-legal framework also centred on the individual, as a subject of law.

At the level of the functioning of the internal market, a key concept is mutual recognition, especially in areas where full harmonisation is difficult. Mutual recognition involves the acceptance, under certain conditions, of products, services, qualifications or administrative decisions originating from another Member State, if they comply with comparable standards. In legal terms, mutual recognition reduces the invisible barriers of the internal market (differences in standards, procedures, licenses), replacing part of the harmonisation with a logic of institutional trust between states. At the same time, this concept intersects with the principles of proportionality and non-discrimination: national restrictions must be justified, necessary and appropriate to the legitimate aim pursued.

Last but not least, EU law has a "constitutional" profile in the way it establishes institutional balance. The EU institutions (European Parliament, Council, Commission, European Council, CJEU, ECB, Court of Auditors) act in accordance with the Treaties, in an architecture that distributes legislative, executive and control functions in a manner distinct from the classical state model. Institutional balance assumes that each institution exercises its powers without substituting those of others and in compliance with established procedures. At the same time, the dem-

ocratic legitimacy of EU law is built by combining the representation of citizens (Parliament) with the representation of states (Council/European Council), with the Commission as the promoter of the general interest of the Union and the CJEU as the guarantor of legality and uniformity.

In conclusion, the fundamental concepts of European Union law define an original legal system, in which the norms of the treaties and legislation derive not only from the will of the states, but also from the need for the effective functioning of an integrationist construction. Autonomy of the legal order, attribution-subsidiarity-proportionality, supremacy, direct effect, conform interpretation, loyal cooperation, effective jurisdictional protection, state liability, general principles and the protection of fundamental rights constitute the conceptual "skeleton" of EU law. These concepts are not simple theoretical definitions; they operate as concrete instruments of legal governance, ensuring the unity of the application of the law, the protection of the individual and the ability of the Union to achieve its objectives in a common, pluriform and dynamic legal space.

Review problems

- Present the main stages of the evolution of the European Union.
- Explain the essence and operating conditions of the Customs Union.
- Delimit the „common market" from the „single market" from an economic and institutional perspective.
- Argue the role of the four freedoms in the efficiency of the Single Market.
- Identify the premises that led to the formation of the Economic and Monetary Union.
- Present the content and stages of the formation of the Economic and Monetary Union.

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UNIT II: THE TREATIES ESTABLISHING THE EUROPEAN UNION

2.1 The legal basis of the European Union
2.2.The Treaty of Paris and the beginning of European integration
2.3. The Treaties of Rome (1957): relaunching European integration through the common market economy
2.4. The Single European Act
2.5. The Maastricht Treaty
2.6. Treaty of Amsterdam
2.7. Treaty of Nice
2.8. The Treaty of Lisbon

The purpose of the topic:

Studying the evolution of the European integration process by analyzing the main founding and reforming treaties of the European Union, highlighting their role in the institutional, political, economic and legal development of the Union, as well as their impact on the consolidation of the internal market, political cooperation and the deepening of European integration.

Topic Objectives: After studying this topic, students should be able to:

- explain the historical and political context that led to the signing of the fundamental treaties of the European Union;
- describe the main provisions of the Treaties of Rome, the Single European Act, the Treaties of Maastricht, Amsterdam, Nice and Lisbon;
- to analyze the evolution of the European integration process from the common market to the Economic, Monetary and Political Union;
- to identify the role of the European treaties in the development of the European Union institutions;
- to explain the transformations of the European decision-making mechanism and the expansion of community competences;
- to analyse the impact of the Treaties on the achievement of the four fundamental freedoms of the internal market;

- to compare the successive stages of deepening European integration;
- to assess the role of the European treaties in strengthening democracy, citizens' rights and common policies;
- to argue the importance of institutional reforms for the enlargement and efficient functioning of the European Union;
- to apply the knowledge acquired in the analysis of the current evolution and prospects of European integration.

2.1. The legal basis of the European Union

The European Union operates on the basis of the rule of law, which means that all its activities are governed by clearly defined legal rules. All actions and policies adopted at European level derive from the founding treaties, which have been voluntarily accepted and democratically ratified by all Member States. Consequently, the Union institutions cannot intervene legislatively in an area not explicitly provided for in the fundamental treaties.

Treaties are binding international agreements concluded between the Member States, which set out the objectives of the Union, the functioning of the European institutions, the decision-making procedures and the relations between the Union and the participating States. These documents constitute the legal basis of European integration and reflect the evolution of the process of regional cooperation.

During the development of the European construction, the Treaties have been revised and adapted to respond to new economic, political and social challenges, to facilitate the enlargement of the Union and to introduce new areas of competence, such as digital policy, energy security, environmental protection or cooperation in the field of public health. Following successive amendments, the European institutions have acquired the capacity to adopt regulatory acts which are subsequently applied by the Member States, contributing to the harmonisation of national legislation.

European Union law is structured into two main components: primary law and derived (or secondary) law.

I. Primary law of the European Union It comprises all the treaties which constitute the legal basis of the Union. It includes:

- the founding treaties, which established the European Communities: the European Coal and Steel Community (1951), the European Eco-

nomic Community and the European Atomic Energy Community (1957);

- The Treaty on European Union, adopted in Maastricht in 1992, which marked the transformation of the European Communities into a complex political and economic union;
- the institutional reform treaties, such as the Single European Act (1986), the Treaty of Amsterdam (1997), the Treaty of Nice (2001) and the Treaty of Lisbon (2007), the latter being the document that currently governs the institutional architecture and functioning of the Union;
- protocols and annexes supplementing the provisions of the treaties;
- the accession treaties of the member states.

In the current context, the European Union has 27 member states (2025), and the treaties continue to constitute the legal foundation for the expansion and deepening of European integration.

European agreements and the pre-accession process

The Europe Agreements were essential legal instruments for establishing relations between the European Union and the Central and Eastern European countries in the period leading up to accession. These agreements were built on the principles of respect for fundamental rights, the rule of law, democracy and a functioning market economy.

Through them, the necessary institutional framework was created for:

- development of political dialogue;
- liberalization of trade;
- economic, social, cultural and financial cooperation;
- harmonization of national legislation with European law.

After successive enlargement waves in 2004, 2007 and 2013, association agreements have remained essential tools for candidate countries and for countries in the Eastern Neighbourhood and the Western Balkans. Currently, countries such as Serbia, Montenegro, Albania, North Macedonia, Bosnia and Herzegovina and Kosovo are at different stages of the European integration process. The Republic of Moldova, Ukraine and Georgia have also signed deep and comprehensive association agreements, and since 2022 the Republic of Moldova and Ukraine have official candidate status.

The Community acquis-Community law represents the totality of legal rules, principles, policies and obligations arising from membership of the European Union. It includes:

- the provisions of the Treaties and the political objectives of the Union;
- legislation adopted by the European institutions;
- the case law of the Court of Justice of the European Union;
- declarations and resolutions of the European institutions;
- international agreements signed by the Union;
- common policies, including those on justice, security, foreign policy and defence.

The Community acquis is in a constant process of updating, reflecting economic, technological and geopolitical transformations. Candidate countries are obliged to transpose the acquis into national legislation before accession, and in certain situations they may benefit from negotiated transitional periods.

II. Secondary law of the European Union-comprises the legal acts adopted by the institutions of the European Union in the exercise of the powers conferred by the Treaties. These acts include:

Regulations-are legislative acts of general application, binding in their entirety and directly applicable in all Member States without the need for transposition into national law. They are used in particular to regulate common policies, such as the internal market, the common agricultural policy or the monetary union.

The directives-They set binding objectives for Member States, but leave them free to choose the methods and legal instruments by which they will be achieved. Directives must be transposed into national law within a specified period. In the event of non-implementation, they can produce direct effect, allowing natural and legal persons to invoke their provisions before the courts.

Decisions-They are binding acts in their entirety, addressed to specific addressees, which may be Member States, companies or individuals. They are frequently used in areas such as competition policy, state aid or economic sanctions.

Recommendations and opinions-These acts are advisory in nature and express the position of the European institutions on certain areas of public policy, without having binding legal force. In recent years, they have

been frequently used in the coordination of economic and social policies, in particular within the framework of the European Semester.

2.2. The Treaty of Paris and the beginning of European integration

The creation of the European Coal and Steel Community was the first concrete step in European integration and a fundamental instrument of reconciliation between France and Germany after the Second World War. The initiative was promoted by visionary political leaders such as Jean Monnet and Robert Schuman, who developed a method of integration based on concrete sectoral achievements.

The Schuman Declaration of 9 May 1950 proposed placing Franco-German coal and steel production under the authority of a supranational institution, open to the participation of other European states. This approach aimed to create economic solidarity that would make a new military conflict between the participating states impossible.

The Treaty of Paris was signed in 1951 by six states – France, West Germany, Italy, Belgium, the Netherlands and Luxembourg – and entered into force in 1952. It established an innovative supranational organization based on the voluntary transfer of sovereignty to common institutions.

The European Coal and Steel Community introduced an institutional model that later influenced the architecture of the European Union:

- The High Authority, the precursor to the current European Commission, was responsible for taking executive decisions and regulating the common market in coal and steel;
- The Special Council of Ministers ensures coordination between the supranational institution and the governments of the member states;
- The Common Assembly, which later evolved into the European Parliament, exercised democratic control over executive activities;
- The Court of Justice guaranteed the uniform application of Community law.

The ECSC's work contributed significantly to the intensification of trade between the Member States, the modernisation of industry and the improvement of social conditions for industrial workers. The Community represented an experimental model for the development of the common market and supranational mechanisms of economic governance.

In the long term, the success of the ECSC demonstrated the viability of regional economic integration, subsequently facilitating the signing of other fundamental treaties, such as the Treaties of Rome in 1957, which created the European Economic Community and the European Atomic Energy Community.

Politically, the Treaty of Paris marked the beginning of Franco-German reconciliation and the consolidation of stability in Western Europe. It contributed to the formation of a new paradigm of international cooperation, based on economic integration and the partial transfer of sovereignty to common institutions. The treaty also represented an important element in the context of the Cold War, consolidating the economic and political alliance of Western Europe in relation to the Eastern bloc.

The Treaty of Paris was concluded for a period of 50 years. It expired on 23 July 2002, at which time the ECSC's powers were transferred to the general structures of the European Union. The integration of the ECSC acquis into the European Treaties demonstrated the maturation of the integration process and the consolidation of the European institutions.

Even though the treaty is no longer in force, its principles continue to influence European Union policies. The concept of a common market, supranational regulatory mechanisms, and regional economic cooperation are fundamental elements of contemporary European integration.

Currently, the European Union uses the experience gained within the ECSC to develop industrial, energy and environmental policies, including in the context of the transition to the green economy and European industrial strategies.

The Treaty of Paris is a defining moment in the history of modern Europe, representing the first concrete step towards the economic and political integration of the continent. Through the institutions created, the principles promoted and the cooperation mechanisms established, the treaty laid the foundations for the current European construction. The success of this treaty demonstrated that economic integration can contribute to maintaining peace, economic development and strengthening political stability. Thus, the Treaty of Paris remains a fundamental landmark in the evolution of the European Union and in the theory of regional integration. Although the treaty expired in 2002, the principles and mechanisms established were the basis for the subsequent evolution of the Europe-

an Communities and the modern European Union. The implementation of the treaty had significant economic effects on the member states. The elimination of customs tariffs for coal and steel stimulated intra-European trade and contributed to the increase in industrial production. The treaty also favored the modernization of industrial infrastructure and increased productivity.

2.3.Treaties of Rome (1957): relaunching European integration through the common market economy.

The first half of the 1950s was marked by the attempt to build a political-military dimension of Western Europe, through the French project of the European Defense Community (EDC). In the context of the escalation of international tensions after the outbreak of the Korean War, the USA supported the strengthening of Western defensive capacity, including through the rearmament of West Germany. For historical and security reasons, France sought a solution of the type of „integration" of the military forces of the FRG in a common European structure, avoiding the reconstitution of a strong national army.

Although the treaty creating the CEA was signed in 1952, ratification failed in 1954, with the French National Assembly voting against it, and the project was abandoned. This development confirmed the difficulty of defense integration at that time and directed Western European states towards a more consensual terrain: economic integration.

By the mid-1950s, post-war reconstruction was largely complete and the dynamics of economic growth required increased trade. Even though European economic cooperation had made progress in reducing quantitative restrictions, customs duties and border controls continued to slow down the movement of goods and fragment national markets.

During this period there were two complementary orientations:

- a horizontal vision, focused on freedom of movement and general economic integration;
- a sectoral vision, in the spirit of the ECSC, which promoted gradual integration in strategic areas.

On the political level, the idea of a stronger Europe through economic unification was supported by initiatives that prepared the transition from sectoral logic to the project of a common economic space.

The projects leading to the creation of the European Economic Community and Euratom entered the institutional phase after the Messina Conference (June 1955), where the member states agreed on the need for deeper integration. A committee of experts led by Paul-Henri Spaak drew up a scoping report, which became a working document for the intergovernmental conference that drafted the treaties.

On March 25, 1957, the six states (France, West Germany, Italy, Belgium, the Netherlands, Luxembourg) signed two treaties in Rome:

- Treaty establishing the European Economic Community (EEC);
- Treaty establishing the European Atomic Energy Community (Euratom/EAEC).

Both came into force on 1 January 1958.

The major significance of the moment in Rome consisted in the relaunch of European construction based on a broad economic program, overcoming the limitations of a strictly sectoral integration.

The EEC Treaty: the common market and the architecture of deep economic integration

1) Central objective: common market based on customs union

The Treaty establishing the EEC formulated as an essential objective the creation of a common market, based on:

- eliminating barriers to the movement of goods;
- establishing a common customs tariff towards third countries;
- gradual liberalization of the movement of people, services and capital;
- coordination of economic policies and approximation of national laws, to the extent necessary for the functioning of the common market.

Conceptually, the treaty was not limited to a simple free trade area. By including common policies and coordination mechanisms, it outlined a trajectory towards advanced economic integration.

2) Two categories of instruments: liberalization + common policies

The analysis of the economic provisions of the treaty highlights two major directions:

1. eliminating obstacles to free movement (goods, people, services, capital);
2. building common policies and harmonization/coordination mechanisms (competition, agriculture, transport, social funds, investments).

Therefore, the „common market" was simultaneously:

- an economic liberalization project,
- and a project for the institutional organization of the integrated economy.

3) Customs Union: timetable, implementation and effects

The elimination of intra-Community customs duties and quantitative quotas was planned for a transitional period, but the process was accelerated, so that the customs union became operational in 1968. In the following years, the EEC was frequently associated with the phrase „Common Market", reflecting the reality of an economy integrated around intra-Community trade.

In European legal interpretation, the „common market" was understood as the removal of obstacles to „merge" national markets into an economic space as close as possible to a genuine internal market - an idea that would later be deepened by the Single Market (1993).

4) The new legal order: community of law and supranational institutions

A defining element of the EEC Treaty was the establishment of a Community legal order, which permeated the domestic law of the Member States. The Community acquired:

- legal personality,
- international representation capacity,
- own competencies, resulting from the transfer or limitation of state powers.

Institutionally, the treaty adopted a scheme close to the ECSC, but with a crucial difference: unlimited duration, which gave stability to the integration project.

The central institutions operated on the logic of balance:

- Commission – legislative initiative and executive role;
- Council – normative decision, assisted by COREPER;
- Parliament – control and deliberation functions;
- The Court of Justice – guarantor of uniform interpretation and legality.

5) Common Agricultural Policy: from productivity to green transition (2025 update)

The Treaty created the basis for the formation of the Common Agricultural Policy (CAP), which has become one of the most influential policies of integration. In 2025, the CAP is governed by the reforms for the period 2023–2027, which focus on:

- environmental and climate conditions,
- more balanced and targeted support (including for small/medium farms),
- flexibility through national strategic plans,
- green instruments such as eco-schemes.

This evolution shows continuity: the CAP remains an integration tool, but with priorities adapted to the ecological transition and food security.

Euratom Treaty: sectoral integration in civil nuclear energy

The second treaty signed in Rome established Euratom, with a sectoral objective: to promote the development of the nuclear industry for civil uses, including through:

- cooperation in research and innovation,
- dissemination of technical knowledge,
- safety and health protection standards,
- investment coordination.

Unlike the EEC Treaty (which has undergone major reforms and, after 2009, continues as the core of the TFEU), the Euratom Treaty remained in force without major changes and was not fully „absorbed" in the same manner. Today (2025), Euratom continues to function as the legal basis for certain civil nuclear areas and for common safety standards.

Institutional consolidation: The Merger Treaty (Brussels, 1965) and the unified European community

After the relaunch in Rome, developments required the simplification of institutional mechanisms. The Treaty of Brussels (1965) – also known as the Treaty of Merger of Executives – brought about the unification of the executive institutions of the three communities (ECSC, EEC, Euratom), establishing:

- a single Commission,
- a single Council.

The merger was mainly institutional; the communities remained legally distinct, preserving their treaties. The process, however, contributed to the streamlining of community governance and prepared the way for subsequent stages of consolidation. The European Union is today the result of an evolutionary process spanning over six decades, alternating periods of acceleration with moments of crisis and recalibration. In 2025, enlargement remains one of the Union's strategic themes, and the European Commission publishes annual enlargement packages and maintains the official list of candidate and potential candidate states, including the Republic of Moldova.

Table 2.1: Treaties of Rome.

Elements	Essential content (EEC Treaty – 1957)	Essential content (EURATOM Treaty – 1957)	Relevance / update 2025
Historical background	Failure of the CEA (1954) → orientation towards economic integration; economic growth, the need to eliminate trade barriers	Increased interest in civil nuclear energy as a strategic source for modernization and energy autonomy	2022–2025: energy security and economic resilience are EU priorities; nuclear remains a sensitive but regulated area
Date of signing / entry into force	March 25, 1957 / January 1, 1958	March 25, 1957 / January 1, 1958	The Treaties of Rome remain the cornerstone; the EEC evolved into current EU law (TFEU after Lisbon)
Strategic purpose	Creation of the common market + progressive approximation of economic policies	Rapid development of the civil nuclear industry + technical and scientific cooperation	2025: the EU internal market is strengthened; the green and digital transitions redefine common policies

Integration model	"General" (horizontal) integration: goods, people, services, capital + common policies	"Sectoral" integration: civil atomic energy, research, investment, protection standards	2025: mixed model – internal market + extended common policies (climate, digital, health, security)
Key mechanism	Customs Union + gradual elimination of barriers + fair competition	Common framework for nuclear research, standards and investment	The customs union is working; it is being modernized through customs digitalization and risk-based controls
Economic freedoms	4 freedoms: goods, services, capital, people	It is not centered on the 4 freedoms	2025: the single market is working, but new themes emerge: data, AI, supply chains, strategic autonomy
Common policies	Agriculture (CAP), transport, competition, economic coordination, social funds, investments	Civil nuclear research and development; health protection and security	2023–2027: Reformed CAP (eco-schemes, environmental conditionality, national strategic plans)
Institutional tools	Commission (initiative/executive), Council (decision), Parliament (control/deliberation), Court of Justice (jurisdiction)	Similar institutional scheme (adapted to the sector)	2025: architecture is consolidated by the Lisbon Treaty; increased role of Parliament
Legal effect	Creates a "community of law", own powers, legal personality, legal order integrated into domestic law	Specialized legal regime, in force, but applied differently between states	Euratom remains in force; nuclear regulations are strongly influenced by safety standards and energy policies

Customs union implementation calendar	Transitional program (12 years), completed early → July 1, 1968	Not applicable	The customs union is one of the oldest achievements; today it is connected to the internal market and the common commercial policy
Initial economic results	Accelerated growth of intra-community trade and GDP; consolidation of the common market	Limited progress due to specialized nature and political reluctance	2025: the internal market remains the main economic driver; civil nuclear remains a heterogeneous field in the EU
Role in the evolution of the EU	Basis for the Single Market (1993) and the evolution towards the modern EU	Maintains a legally distinct community (Euratom)	2025: The EU has 27 states; the expansion and deepening of integration is based on the same legal-institutional logic

The table 2.1 presented highlights the fundamental role of the Treaties of Rome in the development of the European construction and allows a comparative analysis between their two main components – the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM). The analysis reveals both the differences in objectives and functionality, as well as their common contribution to the evolution of the modern European Union.

A first aspect highlighted by the table is the strategic change in the European integration process. After the failure of the military project represented by the European Defence Community, the Western European states identified economic integration as the most viable area for cooperation. The Treaties of Rome thus represented a decisive stage, as they shifted the emphasis from political and military cooperation to deep economic integration.

The EEC proposed a comprehensive integration model based on trade liberalization and economic policy coordination, while EURATOM

followed a sectoral approach, focused on the development of civil nuclear energy. This differentiation allowed the Union to combine general economic integration with the development of specialized strategic areas.

The analysis of the table shows that the EEC Treaty introduced the concept of a common market, based on the elimination of trade barriers and the establishment of a customs union. This approach created the premises for the further development of the European internal market and favored the accelerated economic growth of the member states. The implementation of the customs union by 1968 was one of the most important achievements of European integration, as it allowed the creation of a single commercial space and strengthened the economic competitiveness of the participating states. Today, this achievement remains one of the fundamental pillars of the European Union and is complemented by modern mechanisms for digitization and security of trade flows.

The table highlights the fact that the EEC Treaty enshrined the four fundamental freedoms – the free movement of goods, services, capital and persons – which represent the core of European economic integration. These freedoms have contributed to eliminating the fragmentation of national markets and creating an integrated economic area. In the current context, these freedoms continue to be essential, but are extended to new areas, such as digital mobility, data circulation and the development of the digital economy. Thus, the principles established in 1957 have remained relevant, being adapted to contemporary economic transformations.

Another element highlighted by the table is the development of common policies, in particular the Common Agricultural Policy. This has played a key role in modernising European agriculture and reducing regional disparities. Today, agricultural policy is adapted to new European priorities, including environmental protection and food security, demonstrating the Union's ability to adapt the initial mechanisms to contemporary realities. The establishment of social funds and investment mechanisms has also contributed to strengthening economic and social cohesion, an essential element for the stability of the Union.

Compared to the EEC, EURATOM had a more limited impact, as it focused on a specific area – civil nuclear energy. Although the treaty remained in force, its application was influenced by political divergences and the evolution of the European energy mix. However, EURATOM

continues to play an important role in setting nuclear safety standards and coordinating scientific research in the field of energy. The table highlights that the EEC Treaty introduced a supranational institutional system, which allowed the transfer of competences from the Member States to the Community institutions. This model ensured the efficient functioning of the common market and contributed to the development of a distinct European legal order. Subsequently, the Treaty on the Merger of the Community Institutions consolidated this architecture, facilitating the coordination of European policies and increasing the efficiency of the decision-making process. This development was the foundation of the current institutional system of the European Union.

The initial economic results of European integration were significant, highlighted by the increase in intra-community trade and the accelerated economic development of the member states. At the same time, economic integration contributed to political stability and the strengthening of cooperation between European states.

The European Union is currently one of the most developed regional integration structures in the world, and the principles established by the Treaties of Rome continue to influence the economic and social policies of the Union. The comparative analysis shows that the Treaties of Rome are not just a historical moment, but constitute the legal and institutional foundation of the current European Union. Recent developments, including the enlargement of the Union and the adaptation of policies to global challenges, demonstrate the continuity of the integration model initiated in 1957.

2.4. The Single European Act

The Single European Act (SEA) represents a turning point in the evolution of European integration, as it initiated a substantial revision of the Treaties of Rome and created the legal framework necessary for the relaunch of the community project after the stagnation of the 1970s–early 1980s. The central aim of the SEA was the achievement of the internal market, but its effects went beyond the economic sphere, aiming both at the modernization of institutional mechanisms and the extension of community competences to new areas: research–development, environment, cohesion and external political cooperation.

The EEA was signed in February 1986 (in two stages, depending on the Member States) and entered into force on 1 July 1987, after the completion of the ratification procedures. Its historical importance derives from the fact that it constituted the first major reform of the EEC Treaty, directly preparing the transformation of the „common market" into a single, functional internal market, formally completed on 1 January 1993.

The premises for developing the SEA are:

a) Economic and Monetary Union projects: from ambition to blockages

Between the 1960s and the 1980s, there were multiple initiatives to move from trade integration to an Economic and Monetary Union (EMU). The best known approach was the „Werner Plan", discussed at the end of the 1960s, which proposed a gradual convergence by the end of the following decade: coordination of economic policies, monetary stability, reduction of exchange rate fluctuations and, in the future, a common currency. In practice, these objectives were slowed down by global economic shocks (energy crises, inflation), divergences between national economic models and the difficulties of community governance in an expanding Community. The idea of EMU, however, remained active and would later be materialized by the Maastricht Treaty (1992), and is currently reflected in the architecture of the euro area and in macroeconomic coordination policies.

b) The „Tindemans Report": defining the Union as a political project

Another important step was the conceptual contribution associated with the "Tindemans Report", which reaffirmed the direction of European integration and introduced a more coherent vision of the Union as a political project: unitary external presence, economic interdependence, social and regional solidarity, protection of rights and strengthening of democratic legitimacy through stronger institutions. The central idea was that integration implies a political "cost": transfer of competences to the common level and mechanisms for redistribution to less developed regions.

c) The Genscher–Colombo and Spinelli initiatives: institutional reform and subsidiarity

In the early 1980s, the Genscher–Colombo project advocated the strengthening of external and security cooperation, through a more structured coordination under the authority of the European Council. At the same time, the "Spinelli Project", launched from within the directly

elected European Parliament, insisted on strengthening the democratic dimension and an architecture closer to the federal model, also introducing the principle of subsidiarity as a benchmark for the distribution of competences between the Community and national levels. Even if these initiatives were not fully implemented, they exerted political pressure for reform and directly influenced the solutions adopted in the EEA.

d) Immediate causes of SEA: incomplete market and cumbersome decision-making mechanisms

The need for AUE was determined by several dysfunctions:

- fragmentation of freedoms of movement (there were still technical, fiscal and administrative obstacles);
- excessive reliance on unanimity in the Council, which led to deadlocks;
- the insufficiency of the European Parliament's powers in the legislative process;
- the lack of a clear legal link between Community action and external political cooperation.

The political decision to move forward was consolidated at the Milan European Council (June 1985), when it was agreed to convene an intergovernmental conference to review the treaties and for a more structured form of external cooperation.

e) „White Paper" for the internal market: programme, timetable, logic

A decisive role was played by the Commission's „White Paper" (under the leadership of Jacques Delors), which formulated a programme of legislative measures to eliminate the remaining barriers to the internal market and set a deadline of 31 December 1992. The economic logic was clear: the internal market cannot function without common standards, mutual recognition, competition rules and harmonised procedures.

In the 1990s, for the candidate countries in Central and Eastern Europe, the Commission also published guidance documents on preparation for the internal market, underlining the role of transposition of the relevant acquis. This approach later became the "standard" for preparing for enlargements, including for the current candidate countries (in 2025, including the Republic of Moldova).

The main objective of the SEA was to accelerate integration by establishing a firm legal basis for the internal market and by overcoming

decision-making bottlenecks. The reform mandate pursued two complementary directions:

1. Modernization of institutional mechanisms, in particular:

- expanding the areas in which the Council can decide by qualified majority;
- strengthening the role of the European Parliament in the legislative process;
- clarification of executive powers in favor of the Commission.

2. Expansion of areas of Community competence, especially in:

- economic and social cohesion;
- technological research and development;
- environmental protection;
- foreign policy cooperation (precursor to the post-Maastricht common foreign and security policy).

From a formal point of view, the AUE is made up of:

- a Preamble, which expresses the will of the states to deepen cooperation and transform relations between them towards a European Union;
- four titles, which bring together both provisions concerning the European Communities and the framework of external political cooperation;
- annexed declarations, adopted at the Conference.

The EUA had a „unique" character precisely because it combined, in a single instrument, the revision of economic treaties with the formalization of political cooperation.

The provisions of the SEA and its effects are:

a) Internal market: explicit legal objective

The EEA established the objective of the internal market as an area without internal frontiers, in which the freedom of movement of goods, persons, services and capital must be ensured by the end of 1992. This objective triggered a massive legislative wave, aimed at eliminating technical, fiscal and administrative barriers.

The conceptual difference becomes clear:

- The customs union eliminates tariffs and quantitative restrictions on goods;
- The internal market goes further: it removes obstacles that hinder the functioning of the four freedoms and creates common rules for competition, standards, services and mobility.

b) Decision-making reform: from veto to efficiency

A central instrument of the SEA was the extension of qualified majority voting in the Council for measures necessary for the internal market, limiting the use of unanimity to sensitive areas (such as taxation or certain social and mobility aspects). The practical effect was to reduce bottlenecks and increase the EU's capacity to adopt legislation at a pace compatible with the 1992 deadline.

c) The role of institutions: Parliament, Commission, courts

The EEAS strengthened the role of Parliament through mechanisms such as assent in key situations (accession, association) and procedures that increased its weight in the legislative process. It also clarified the principle that the Council normally delegates implementing powers to the Commission, thus strengthening the efficiency of implementation.

In terms of jurisdiction, the EEA paved the way for the development of European judicial structures (including courts to relieve the Court), which became essential as legislation and litigation related to the internal market multiplied.

d) Social policy, cohesion, R&D and environment: broadening competences

The EUA introduced the legal basis for:

- minimum standards on health and safety at work and for stimulating social dialogue;
- an economic and social cohesion policy, necessary to reduce regional disparities and to „compensate" the effects of the internal market on less competitive economies;
- multiannual research and development programs, with the objective of increasing European industrial competitiveness;
- a Community environmental policy, applying the logic of subsidiarity: the EU intervenes when objectives can be achieved more efficiently at a common level than separately.

In 2025 these directions are pillars of EU policies:

- cohesion remains central through structural funds;
- research is carried out within the framework programmes (in 2025: continuity from Horizon Europe 2021–2027);
- the environment has become a strategic axis through the European Green Deal and the legislation related to the green transition;

- the internal market increasingly includes new dimensions: digital services, data, economic security, supply chains.

e) External political cooperation: precursor to the political dimension of the EU

The EEA formalised the cooperation of states in foreign policy, notably through consultation and coordination, without yet creating a common foreign policy with fully supranational instruments. However, this stage prepared the way for the architecture subsequently established by the Maastricht Treaty (Common Foreign and Security Policy) and, later, by the consolidations brought about by Lisbon.

Table 2.2: Comparative-analytical synthesis – Single European Act

Strategic dimension	Essential content AUE	Analytical significance	Contemporary impact and relevance
Context of adoption	The stagnation of integration in the 1970s–1980s; the limits of decision-making mechanisms; the need to complete the internal market	The EUA appears as an institutional response to the Community's structural blockages and marks the transition from gradual integration to accelerated integration.	The model is replicated today: institutional reforms to respond to economic, energy or geopolitical crises
Fundamental objective	Creation of the internal market without borders by 1992	Transforms the common market into an integrated economic space, based on the elimination of all legal and administrative obstacles	The single market remains the main pillar of EU competitiveness and extends to the digital economy and integration of services
Decision-making reform	Introduction of qualified majority voting in the Council	Reduces political gridlock and increases legislative capacity; marks the transition from total consensus to functional governance	Qualified majority becomes an essential tool in managing economic, trade and climate policies

Institutional strengthening	Increasing the role of the European Parliament; clarifying the Commission's powers	Increases democratic legitimacy and executive efficiency; contributes to institutional balance	In 2025, Parliament is the lead co-legislator and the Commission has a strategic role in the legislative initiative
Expanding skills	Economic and social cohesion; research and innovation; environment; external policy cooperation	Integration becomes multidimensional, going beyond strictly economic logic	These areas are today pillars of EU policies: the Green Deal, research programs, structural funds
Removing barriers	Elimination of physical, technical and fiscal borders	Integration no longer means just trade liberalization, but harmonization and mutual recognition	Challenges persist in cross-border services and the digital economy, which keeps the SEA model relevant
Social dimension	Introduction of minimum standards on occupational health and safety	It mitigates the negative effects of economic liberalization and strengthens the legitimacy of integration	European social policies remain an instrument for protecting labor mobility
Cohesion policy	Strengthening structural funds to reduce regional disparities	It compensates for the asymmetric effects of integration and promotes economic convergence.	Cohesion is essential for the stability of the EU and for preparing for enlargements
External dimension	Formalizing external political cooperation	Creates the basis for the common foreign and security policy	The EU is becoming a global geopolitical actor, with a major role in security and economic diplomacy

Table 2.2 shows that the Single European Act represents one of the most important reforms of the European integration process, as it reconfigured both the institutional mechanisms and the content of community policies. From a theoretical perspective, the Single European Act can be interpreted as the moment when European integration moves from a predominantly economic stage, based on trade liberalization, to a stage

characterized by deep institutional integration and the extension of supranational powers.

A first defining element of the EEA is the transformation of the concept of the common market into an internal market. While the common market aimed mainly at eliminating tariff barriers and facilitating trade, the internal market involves the elimination of all obstacles that limit the mobility of production factors and the harmonization of the legal and administrative framework. This transformation reflects a paradigm shift, as economic integration is no longer perceived exclusively as a process of liberalization, but as a process of institutional construction that requires common rules and coordination mechanisms.

Another essential aspect of the SEA is the reform of the decision-making process. The introduction of qualified majority voting in the Council made it possible to overcome the blockages generated by the unanimity principle, which had considerably slowed down the adoption of Community legislation. From an analytical point of view, this reform can be interpreted as a strengthening of the supranational character of the Community, since it reduced the ability of Member States to block collective decisions and facilitated the adoption of a large number of directives necessary for the completion of the internal market.

The EUA also contributed to strengthening the democratic legitimacy of European integration by expanding the powers of the European Parliament. By involving the Parliament in the legislative process, it aimed to balance the influence of intergovernmental institutions and increase decision-making transparency. This development reflects the general trend of the European Union to combine the supranational dimension with the principles of representative democracy.

An innovative element of the EEA is the extension of Community competences in areas such as social policy, regional cohesion, scientific research and environmental protection. The integration of these areas into European policies demonstrates that the integration process can no longer be limited to the economic dimension, since the functioning of the internal market requires correction and solidarity mechanisms. Cohesion policy, for example, was designed to reduce regional disparities generated by economic integration, contributing to social stability and strengthening solidarity between Member States.

As regards research and innovation, the EEA established the legal framework for European research programmes, which have become essential instruments for the Union's economic competitiveness. In the context of globalisation and technological competition, this dimension has proven crucial for strengthening the European Union's strategic autonomy. The EEA also introduced a solid legal basis for environmental policy, enshrining the principle of subsidiarity, according to which the Union intervenes only in situations where objectives cannot be achieved effectively at national level. This principle reflects the balance between supranational integration and respect for the competences of the Member States, and has subsequently become one of the fundamental principles of European governance.

Politically, the SEA formalised the cooperation of the Member States in the field of foreign policy, creating the premises for the further development of the Common Foreign and Security Policy. This development contributed to the transformation of the European Union into an international actor with diplomatic and economic coordination capacity. From a contemporary perspective, the relevance of the Single European Act is obvious, as many of the current policies of the European Union are based on the principles and mechanisms introduced by this treaty. The internal market continues to be the main driver of economic integration, and cohesion, research and environment policies represent fundamental instruments for the sustainable development of the Union. In the context of digital transformations and geopolitical challenges, the institutional integration model introduced by the SEA remains a benchmark for the adaptation of the European Union to new economic and political realities.

2.5. The Maastricht Treaty

The end of the Cold War and the collapse of communist regimes in Central and Eastern Europe profoundly reconfigured the political architecture of the continent, amplifying the pressure for deeper integration and for the consolidation of a coherent European identity. In this context, two Intergovernmental Conferences were launched in December 1990, one dedicated to Economic and Monetary Union, the other to Political Union, which converged towards a new founding treaty.

In December 1991, the heads of state or government of the 12 member states reached political agreement on the text; the treaty was signed on 7 February 1992 and entered into force on 1 November 1993. The ratification process was difficult, reflecting the tension between the acceleration of integration and fears of a democratic deficit or loss of national control over sensitive policies. In Denmark, initial rejection of the treaty led to the negotiation of opt-outs, which made subsequent ratification possible.

The Maastricht Treaty shifted the centre of gravity of the European project: the single market remains fundamental, but it is framed within an explicit ambition of political union and extended governance. The major objectives can be summarised as follows:

- **Economic and Monetary Union (EMU)**: sustainable economic and social progress, cohesion and convergence, with the prospect of a single currency and a common monetary authority (later, the euro and the ECB architecture). In 2026 (according to updated EU sources), the euro is the official currency in 21 out of 27 Member States.
- **External identity affirmation**: developing a common foreign and security policy, oriented towards collective action and international coherence.
- **Union citizenship**: strengthening the rights and interests of citizens (mobility, political rights in the state of residence, consular protection, right of petition and Ombudsman).
- **Justice and Home Affairs**: cooperation in areas such as asylum, immigration, police and judicial cooperation, combating cross-border crime.
- **Maintaining and developing the acquis**: institutional continuity, but also adaptation, including through subsequent revisions (Amsterdam, Nice, Lisbon).

The major difficulty of the negotiations was the integration, within a single framework, of two different logics:

- supranational logic (community method) and
- intergovernmental logic (cooperation between states, based on consensus).

The Maastricht solution was to organize the EU on three pillars:

- **Pillar I (Community)**: economic and social policies of the European Community (internal market, EMU, competition, structural policies,

trade, etc.). At the institutional level, the role of Parliament is increased (including through stronger legislative procedures), the position of the Commission as initiator and guardian of the treaties is consolidated, and the regional dimension is strengthened through specialized consultation mechanisms.

- **Pillar II (CFSP)**: Common Foreign and Security Policy – a policy of predominantly intergovernmental nature, intended to coordinate external positions and actions.
- **Pillar III (JHA)**: cooperation in the field of justice and home affairs – also predominantly intergovernmental at that time, targeting areas of internal security and judicial/police cooperation.

Maastricht also established an important political reality: integration does not progress uniformly. Negotiated derogations (especially by Denmark and, at the time, the United Kingdom) created the premises for a "differentiated integration". Denmark obtained opt-outs in four areas (including EMU and defence), some of which were subsequently modified over time (for example, the defence opt-out was eliminated by referendum in 2022). These developments show that the treaty introduced a logic of "selective participation", which increased flexibility but complicated the coherence of the system.

2.6. Treaty of Amsterdam

The Treaty of Amsterdam was conceived as a step towards consolidating and correcting the Maastricht architecture, in particular to bring the Union closer to its citizens, strengthen its democratic dimension and prepare the functioning of the EU for enlargement. It was signed on 2 October 1997 and entered into force on 1 May 1999. The reform process was preceded by an exercise in institutional and political reflection, followed by an Intergovernmental Conference which sought to answer three major questions:

- How does the EU become more relevant to citizens (rights, employment, transparency)?
- How does the EU strengthen its external action in an unstable international environment?
- How can institutions be adjusted to function effectively in a larger Union?

The Treaty of Amsterdam aimed to:

- placing employment and citizens' rights at the heart of the agenda;
- advancing towards an area of freedom, security and justice (with a focus on the mobility of persons and border management);
- strengthening the Union's external profile;
- increasing institutional efficiency in the perspective of enlargement.

Key contributions of the Treaty of Amsterdam:

- **Democracy and rights**: Amsterdam strengthens mechanisms for the protection of fundamental values and develops anti-discrimination instruments, emphasizing the link between EU citizenship and respect for rights.
- **Area of Freedom, Security and Justice (AFSJ)**: some of the JHA areas are „communitized" (moved towards the community method), which increases the EU's capacity to legislate and implement common policies.
- **More workable CFSP**: Coordination tools and roles (including specialized functions in the Council system) are strengthened to reduce external fragmentation.
- **Institutional reforms**: extending legislative procedures and strengthening the role of Parliament, including in relation to the Commission, which prepares for further developments towards extended codecision.

Table 2.3: "Maastricht: the three pillars"

Pylon	Decisional nature	Type domains	Dominant instruments/ institutions	Analytical interpretation	Relevance 2025
I. Community	Supranational (Community method)	Internal market, competition, structural policies, EMU, trade	Commission (initiative), Council + Parliament (legislation), CJEU (control)	Creates the "legal engine" of integration: uniform rules, direct application, primacy of EU law	The functional core of the EU; the euro is used in 21/27 member states (euro area).

II. CFSP	Intergovernmental	Foreign policy, security, common positions	European Council/Council, consensus	Maintains state sovereignty in the field of "hard politics", but introduces institutional coordination	In 2025, external coordination remains crucial; the EU acts through sanctions, economic diplomacy, missions
III. JAI	Intergovernmental (initially)	Asylum, immigration, police, judicial cooperation	Council, cooperation between authorities	Response to cross-border crime and mobility; initially with limited integration	Many areas were later "moved" to the LSAJ; the theme remains central (migration, borders, security)

From Table 2.3 we see that the Three Pillar Model can be interpreted as a compromise between two practical theories of integration: functional supranationalism (efficiency through common rules, autonomous institutions and jurisdictional control) and intergovernmentalism (direct political control of states in sensitive areas). Maastricht does not eliminate the tension between the two, but institutionalizes it: what can be integrated efficiently through common rules (internal market, competition, part of economic policies) is placed in Pillar I; what touches the "core" of sovereignty (foreign policy, security, internal control) is maintained in Pillars II and III.

From a governance point of view, this architecture had two major consequences:

1. Accelerating economic and legal integration. Pillar I allowed for the rapid densification of legislation and the deepening of integration through direct legal effects (applicability, CJEU control). This logic explains why complex projects (including EMU) were able to evolve towards concrete results: single currency, common monetary institutions, macroeconomic rules. The fact that the euro is currently the official currency in 21 out of 27 Member States shows the cumulative nature of the integration initiated by Maastricht.

2. The persistence of differentiated integration in sensitive policy areas. Pillars II and III retained consensus mechanisms, which limited the speed of action but increased political acceptability. This also includes opt-out protocols: they are instruments for „managing pluralism", useful for ratification and internal stability, but generating fragmentation. The case of Denmark illustrates this tension: the opt-outs negotiated after 1992 have been maintained or adjusted over time (including the elimination of the defence opt-out in 2022).

The Treaty of Amsterdam can be seen as a step towards correcting the limits of the intergovernmental pillar, especially in the JHA area: by transferring some areas to the Community method, the EU sought to transform "voluntary" cooperation into a more workable policy, with common rules and procedures. At the same time, Amsterdam strengthens the dimension of citizenship, rights and employment, trying to respond to criticisms regarding the distance between European institutions and society—a problem that, in new forms (public trust, polarization, disinformation), remains relevant after 2020.

2.7. Treaty of Nice

The evolution of the European construction has repeatedly required adaptations of institutional mechanisms, so that the Union remains functional in an environment marked by enlargement, diversification of national interests and increase in the areas of Community action. In this framework, the European Council meeting in Nice (December 2000) established the lines of reform, and the Treaty of Nice was signed on 26 February 2001 and entered into force on 1 February 2003, after ratification by the Member States.

The immediate premise was the prospect of an unprecedented enlargement (the 2004–2007 wave, followed by 2013), which risked transforming the EU institutions into a cumbersome system, prone to decision-making deadlock. In particular, previous negotiations (Amsterdam) had not sufficiently resolved the issues of institutional composition, vote weighting and decision-making efficiency in the Council.

The political mandate of the reform addressed three essential issues:

- adjusting representation in the institutions (especially the Commission and Parliament);

- recalibrating the vote in the Council, through a system that reflects (to varying degrees) the demographic criterion;
- extending qualified majority to additional areas, to reduce reliance on unanimity.

In parallel, at the institutional level, the Commission promoted programs for administrative modernization and strengthening transparency (management and internal governance reforms), in line with the then climate of institutional „accountability" and the EU's proximity to the citizen.

Methodological note (for the course): In the literature, Nice is often described as a „functional" reform (aimed at avoiding deadlock), rather than a „constitutive" one (of a constitutional nature), although it explicitly opened the debate on the future of the Union.

The Treaty aimed to increase institutional efficiency and legitimacy so that the EU could operate in a configuration closer to 27–30 members. Essentially, the objectives can be grouped into three axes:

1. Reconfiguring institutions

- strengthening the role of Parliament as co-legislator;
- adapting the Commission to the logic of „one commissioner per state" (with provisions on rotation after reaching a threshold of members);

2. Reform of the decision-making procedure in the Council

- recalculating vote weights and defining thresholds for the qualified majority;
- the introduction of a population-related check (the so-called „demographic net", the requirement that the qualified majority represents at least 62% of the EU population under certain conditions).

3. Flexibility through strengthened cooperation

- improving the mechanisms of „differentiated integration", allowing groups of states to advance faster in a certain area within the EU framework.

Also in the atmosphere of Nice, the Charter of Fundamental Rights was proclaimed (7 December 2000). Important for the update to 2025: the Charter subsequently acquired binding legal force through the Treaty of Lisbon (1 December 2009). Beyond the technical provisions, the Treaty of Nice was accompanied by a Declaration on the future of the Union, which

opened the way for a broader exercise of reflection (the Convention on the Future of Europe), with recurring themes: simplification of the Treaties, delimitation of competences, the role of national parliaments, the status of the Charter and the coherence of external action.

Reform of the European Union institutions:

(a) The European Parliament-The Treaty extended the application of codecision procedures and strengthened the legislative function of the Parliament. It also revised the ceiling on seats: in the Nice architecture, the maximum number was raised to 732.

(b) Council of the European Union-Nice maintained the weighted voting system and adjusted the qualified majority thresholds, additionally introducing the possibility of verifying the demographic component (62%). Update 2025 (mandatory historical framing): the voting rules of Nice were subsequently replaced by the Lisbon Treaty regime (double majority – states + population), applicable in its current form after the transition period. Therefore, Nice should be treated as a pre-enlargement and institutional transition stage, not as the current decision-making model. (synthetic framing in EU textbooks)

(c) European Commission-A key element: since 2005, the College of Commissioners has been designed on the principle of "one Commissioner per Member State." For the moment when the threshold of 27 members was exceeded, the treaty provided for a reduction in the number of Commissioners and a rotation system established afterwards.

(d) Court of Justice and EU courts-Nice refined the jurisdictional organization (chambers, Grand Chamber), aiming at procedural efficiency and the distribution of cases, including by strengthening the role of the trial court (General Court).

(e) Advisory bodies and the Court of Auditors-A numerical ceiling (350) was established for the advisory committees, and for the Court of Auditors, the logic of state representation and the streamlining of reporting were reconfirmed.

Table 2.4: Treaty of Nice – areas of reform, instruments and effects

Area of reform	What changes Nice (essentially)	Institutional reason	Effect/limit (critical assessment)	Relevance/update 2025
European Parliament	Expands role of co-legislator; ceiling of 732 seats	Increasing democratic legitimacy in a larger Union	Consolidation, but seat distribution remains politically sensitive	The cap/redistribution was later adjusted through subsequent reforms; the logic of co-legislation became dominant
EU Council (vote)	Vote reweighting + QMV thresholds; "demographic net" 62%	Avoiding gridlock in the enlarged EU	Complex system, criticized for opacity and transactionalism	The Nice regime is historic; Lisbon introduced double majority as standard
European Commission	"One Commissioner/State" (since 2005); rotation scenario after 27	Equal representation + functionality in an enlarged EU	Tension between representation and efficiency (large college)	EU-27 operates on the commissioner/state model; rotation remains a recurring topic
Strengthened cooperation	Expands/clarifies the differentiated integration mechanism	Allows the "cores" to advance without blocking the whole	Risk of fragmentation ("Multi-speed Europe")	Tool used in practice in specific areas; remains relevant
Fundamental rights	Proclamation of the Charter (Nice context)	Rights visibility and normative identity	Initially without full legal force	Since 2009, the Charter has binding legal value (Lisbon)

Analysis of the table reveals that the Treaty of Nice can be understood as an institutional engineering reform oriented towards a dominant objective: avoiding deadlock in a Union on the verge of „great enlargement". This purpose explains why Nice privileges adjustments to decision-mak-

ing mechanics (weights, thresholds, procedures) to the detriment of a radical simplification of the treaties.

1. Efficiency vs. Legitimacy. The reforms are divided between two imperatives: on the one hand, increasing the EU's capacity to decide quickly (expanding qualified majority, adjusting the vote), on the other hand, strengthening democratic legitimacy (increased role of Parliament). However, precisely in the area where efficiency was crucial (the Council), Nice produced an ambivalent result: the voting system became more „calculable", but also more technical and harder to communicate publicly, fueling the perception of institutional complexity.

2. Power politics in the architecture of voting. The reweighting of votes and the introduction of the demographic criterion (through the 62% check) can be interpreted as an attempt to reconcile two principles in tension: the equality of states and the relevance of population. In practice, Nice managed this conflict through a compromise that retained the weighted vote but introduced an additional demographic check. It was this compromise that later justified the transition to a simpler model (the double majority in Lisbon), which confirms the transitional nature of the Nice solution.

3. Commission: equal representation, questionable efficiency. The principle of „one Commissioner per state" responds to a need for symbolic equity in an enlarged Union: each state is represented in the executive college. However, a very large Commission raises problems of coordination, coherence and managerial capacity. That is why the treaty anticipated rotation after the threshold of 27, signaling that the efficiency of the executive may conflict with representation.

4. Differentiated integration as a governance solution. By making enhanced cooperation more flexible, Nice legitimized a pragmatic mechanism: when unanimity is impossible, "advanced groups" can progress without breaking the EU framework. From a theoretical perspective, this is a typical solution for regional organizations with high heterogeneity. At the same time, it introduces the risk of a layered Union, with distinct circles of integration.

5. Normative dimension: Charter of Fundamental Rights. Even though proclaimed in the context of Nice, the Charter became a real pillar only after 2009. In terms of institutional analysis, this shows the difference between „norm with political legitimacy" and „norm with full legal effect".

2.8. The Treaty of Lisbon

The Treaty on European Union (TEU) establishes, in Article 48, the mechanism for revising the Treaties, giving the right of initiative to the Member States, the European Parliament and the European Commission. Proposals for revision are sent to the European Council and notified to the national parliaments. If the European Council considers that the amendments are justified, it may convene a Convention composed of representatives of the national parliaments, the Heads of State or Government, the European Parliament and the Commission, with the role of examining the drafts and adopting, by consensus, a recommendation addressed to the Intergovernmental Conference (IGC). At the same time, in situations where the extent of the amendments does not justify a Convention, the European Council may decide, by simple majority and with the approval of the European Parliament, to directly convene an IGC. In all cases, the revision of the Treaties requires ratification by all the Member States, in accordance with their constitutional rules, which reflects the interstate nature of the legal basis of the Union.

The Treaty of Lisbon is a treaty amending the existing treaties, adopted in order to adapt the functioning of the Union to the realities of an enlarged Union. Entering into force on 1 December 2009, it amended two major legal instruments: the Treaty on European Union (Maastricht, 1992) and the Treaty establishing the European Community (Rome, 1957), the latter being renamed the Treaty on the Functioning of the European Union (TFEU). Protocols and declarations were annexed to the Treaty, while the Euratom Treaty remained a separate instrument with its own legal regime.

The adoption of the Treaty of Lisbon was preceded by the attempt to establish a Constitution for Europe, signed in Rome on 29 October 2004, which aimed to replace the founding treaties with a single text. The ratification process of the Constitution failed in several Member States, which led to a period of institutional stagnation (2005–2006). In 2007, a compromise solution emerged: the Reform Treaty, signed on 13 December 2007 in Lisbon, largely taking over the content of the Constitution, but eliminating the components with a high symbolic and political load (in particular the name „Constitution"). Unlike the constitutional draft, the Treaty of Lisbon does not repeal the existing treaties, but modifies them through successive amendments, thus maintaining the logic of European primary

law as conventional international law. Entry into force was conditional on unanimous ratification, a process that encountered difficulties in Ireland, where the first referendum was negative, requiring a second referendum in 2009, which ended in a positive result, allowing entry into force on 1 December 2009. The Lisbon Treaty essentially aims to strengthen democratic legitimacy, institutional efficiency, the protection of fundamental rights and the Union's capacity to act as a global actor.

First, the Treaty promotes a more democratic and transparent Union by strengthening the role of the European Parliament (in particular by extending the areas subject to the codecision procedure), increasing the involvement of national parliaments in the control of subsidiarity and introducing the European Citizens' Initiative, which allows one million citizens from several Member States to request legislative proposals from the Commission. The Treaty also clarifies the distribution of powers between the Union and the Member States and explicitly recognises the possibility of a State withdrawing from the Union.

Secondly, the Treaty aims to make the Union more efficient, adapted to a Union of 27, by simplifying the voting rules and extending qualified majority voting in the Council. Since 2014, the qualified majority rule has been based on the double majority system: 55% of the Member States, representing at least 65% of the Union's population. In institutional terms, the Treaty creates the position of President of the European Council, elected for a term of two and a half years, contributing to continuity and coherence of decision-making, and strengthens the link between the European elections and the appointment of the President of the Commission.

Thirdly, the Treaty of Lisbon strengthens Europe as a community of values and rights. The Charter of Fundamental Rights acquires binding legal force and the Union is defined as an area of freedom, security and justice. The Treaty reaffirms solidarity between Member States, including in situations of terrorist attacks or disasters, and enshrines objectives such as combating discrimination, social exclusion, promoting economic, social and territorial cohesion and supporting a competitive social market economy.

Fourth, the Treaty strengthens the Union's role as an international actor by unifying the EU's legal personality and strengthening its foreign policy. The position of High Representative of the Union for Foreign Affairs and Security Policy is created, with the status of Vice-President of

the Commission, supported by the European External Action Service, to increase the coherence and visibility of external action.

The Treaty on the Functioning of the European Union (TFEU) establishes the operational framework for the Union's policies and the concrete rules for the exercise of its powers. Its structure includes general principles, rules on non-discrimination and EU citizenship, internal policies, the association of overseas territories, external action, as well as institutional, financial and final provisions.

The Lisbon Treaty strengthens the Area of Freedom, Security and Justice by increasing the Union's powers in areas such as border control, asylum and immigration, judicial cooperation in civil and criminal matters, and police cooperation. It also clarifies some areas of competence in economic, social and energy policies and introduces new directions, such as the establishment of a European Research Area.

The Lisbon Treaty maintains the institutional architecture based on the relationship between Parliament, Council and Commission, but introduces adjustments aimed at increasing efficiency, coherence and transparency.

The European Parliament expands its legislative and budgetary powers, and the number of members is limited to 751 (750 plus the president), distributed among the states according to the principle of degressive proportionality (minimum 6 and maximum 96 for each state).

The European Council becomes a formal institution of the Union, and the position of a stable president contributes to the continuity of the political strategy. The Council of the European Union maintains its role of representing the states, but qualified majority voting becomes the usual rule in more and more areas, reducing the possibilities of blocking unanimity.

The European Commission remains the institution that promotes the general interest of the Union, and the appointment of the Commission President is more directly linked to the results of the European elections. The Commission President gains increased authority, including the possibility of requesting the resignation of Commissioners.

Externally, the High Representative of the Union for Foreign Affairs and Security Policy integrates the intergovernmental and Community dimensions of external action, supported by the European External Action Service. At the same time, the Treaty strengthens the role of national parliaments in monitoring compliance with subsidiarity.

Finally, the Lisbon Treaty explicitly enshrines the option of a member state's withdrawal from the Union, procedurally regulating this possibility and marking, for the first time in primary law, the reversible nature of EU membership.

Table 2.5: Lisbon Treaty – innovations, effects and relevance until 2025

Size	The novelty introduced by the Treaty of Lisbon	Institutional/ legal effect	Practical relevance until 2025 (operational examples)
Revision of the Treaties (Art. 48 TEU)	Ordinary procedure: proposals → European Council → (usually) Convention → IGC → national ratification; simplified procedure also possible in certain cases	Strengthens the legitimacy and role of national parliaments; maintains the rule of ratification by all states	In practice, EU reform remains difficult and slow: interstate consensus + ratification = major political "filter"; emphasis on solutions through legislation and institutional interpretation
Clarification of the Treaties: TEU + TFEU	The TFEU becomes the operational treaty (policies, instruments), the TEU – the treaty of principle (values, institutions, competences)	Increases the readability of the legal architecture; reduces the ambiguity between "EU" and "Community"	By 2025, most policies are read through the TFEU (internal market, competition, sectoral policies), and values and objectives through the TEU
Single legal personality of the EU	The EU can conclude international treaties, be a party to agreements, and has increased representation capacity.	Greater external coherence, including in trade and cooperation agreements	In the period 2010–2025, the EU strengthened its role as a global normative actor (standards, agreements, conditionality), especially in the neighbourhood and trade

Charter of Fundamental Rights – binding nature	The Charter gains legal force (through the TEU)	Rights become a direct reference in legislation, jurisprudence and policies	By 2025, the Charter is used as a standard in the control of legality and in policies related to non-discrimination, data protection, procedural rights
European Citizens' Initiative (ECI)	Citizens can ask the Commission to initiate proposals	Creates supranational participatory channel (without obliging the Commission to automatically legislate)	After 2012 and until 2025, ICE became a public pressure/agenda-setting tool, especially useful in environmental, health, and human rights issues.
Permanent President of the European Council	2.5-year term, renewable once; continuity and mediation role	Reduces fragmentation of rotating presidencies; increases strategic coherence	In crises (financial, migration, security), the position mattered for political coordination at the top
High Representative + EEAS	HR/VP (Council + Commission) and the European External Action Service	Integrates the diplomatic dimension and Commission instruments	By 2025, the external response capacity increases, but the constraint of unanimity in the CFSP remains for many decisions (intergovernmental logic)
Extension of the ordinary legislative procedure (codecision)	Parliament becomes a "standard" co-legislator with the Council in many areas	Relative democratization: EP increases in legislative and budgetary power	In 2014–2025, most major files go through EP–Council negotiations (trilogues), reinforcing the “bicameral” logic
Qualified majority voting (QMV) + double majority	Usual rule: 55% states (min. 15) representing 65% of the EU population	Reduces bottlenecks; reflects dual legitimacy (states + population)	In the EU-27, QMV has become essential for efficiency; however, sensitive areas (taxation, foreign policy) often remain unanimity

Competences: classification and subsidiarity	Delimitation of competences + increased role of national parliaments in subsidiarity	More political control over "EU intervention"	In 2020–2025, subsidiarity is invoked intensively in social policies, health, education; the EU frequently operates through coordination and standards
Area of Freedom, Security and Justice (AFSJ)	Communitarianization/expansion of cooperation in justice, borders, asylum, police	Functional integration on internal security, migration, judicial cooperation	In 2015–2025, migration and security tested the robustness of the LSAJ: differences between states, but also acceleration of operational cooperation
Withdrawal clause (Art. 50 TEU)	Explicitly acknowledges leaving the EU	Introduces the "reversibility" of integration	After implementation, the EU-27 became the structural benchmark (post-withdrawal); increased attention to cohesion and solidarity in decision-making

From the analysis of Table 2.5 we note that the Treaty of Lisbon emerged as a compromise solution after the failure to ratify the Constitutional Treaty. From a legal-institutional perspective, this option was strategic: it does not replace the existing treaties, but amends them, preserving the classic form of EU law as a law derived from international agreements between states. Politically, the "symbolic unburdening" (abandoning the term "Constitution") aimed to reduce public resistance and facilitate ratification. The entry into force of Lisbon (December 1, 2009) consolidated the EU as a single legal subject and clarified the role of the treaties (TEU – axiological/constitutional; TFEU – operational). In practice, by 2025, this distinction made the analysis of competences and instruments more predictable: debates about "what the EU can do" are conducted more rigorously in the register of attribution of competence and subsidiarity, not only in the political register.

Lisbon has massively expanded the ordinary legislative procedure, consolidating Parliament as a decision-making actor, not just a consultative one. In terms of institutional theory, we have an approximation to a "quasi-bicameral" model (EP + Council), in which the Commission remains the pivot of the initiative. However, democratization is asymmet-

rical: where states consider sovereignty "strong" (foreign policy, taxation, certain social issues), intergovernmental logic continues to dominate. The move to qualified majority based on double majority (states + population) is one of the most important structural mutations, being adapted to an enlarged Union. Theoretically, the rule reduces the transaction costs of unanimity and limits "minority blackmail". Practically, until 2025, QMV has supported the EU's capacity to legislate in the internal market and related policies, but does not completely eliminate blockages: they migrate to the political agenda (European Council), informal negotiations, compromise packages or "national security optics" in sensitive areas.

Granting legal force to the Charter of Fundamental Rights moves rights from the sphere of political discourse to the sphere of legal control. Consequently, by 2025, the design of European policies (including digital, security, migration) is obliged to internalize criteria of proportionality, non-discrimination, data protection, procedural guarantees. This strengthens normative legitimacy, but also increases the density of litigation and the complexity of compliance.

Between 2010 and 2025, the EU operated in a regime of overlapping crises (financial, migration, security, public health, energy). Without changing the treaties „on the fly", the EU used the Lisbon instrument to:

- political coordination through the European Council and the stable presidency (strategic continuity);
- accelerated legislationin areas where QMV and codecision allow relatively rapid adoption;
- more coherent external action, but still limited by unanimity in CFSP;
- strengthening legitimacy through rights, especially where policies affect fundamental freedoms.

The explicit introduction of withdrawal (art. 50 TEU) has a structural significance: the EU becomes a legally "non-irreversible" integration. The practical effect until 2025 was twofold: on the one hand, it created the precedent that exit is possible; on the other hand, it determined a reconfiguration of institutional cohesion priorities and political arguments in favor of EU-27 unity.

Review problems

- What are the main stages of the process of deepening European integration after the Treaties of Rome?
- What political, economic and geopolitical factors determined the amendment of the European Union treaties?
- What is the role of the treaties in developing the institutional and legal framework of the European Union?
- How did the Single European Act contribute to the achievement of the European Single Market?
- What institutional changes were introduced by the Single European Act?
- How did the Single European Act influence the decision-making process within the EU Council?
- How did the Maastricht Treaty contribute to the achievement of Economic and Monetary Union?
- What is the role of the European Central Bank within the EMU?
- What areas are included in the Common Foreign and Security Policy?
- What institutional changes were introduced by the Maastricht Treaty?
- What role did the Treaty of Amsterdam play in the protection of fundamental rights?
- How did the Treaty of Amsterdam contribute to the creation of the area of freedom, security and justice?
- What were the main reasons that led to the adoption of the Treaty of Nice?
- What institutional reforms were introduced by the Treaty of Nice?
- What are the main objectives of the Treaty of Lisbon?

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UNIT III: INSTITUTIONS AND LOW-MAKING.

3.1. Institutional architecture of the European Union: distribution of powers and interinstitutional balance mechanisms
3.2. The fundamental institutions of the European Union: structure, powers and functional responsibilities
3.3. Legislative procedure in the European Union: stages, actors involved and decision-making mechanisms
3.4. Categories of legal acts of the European Union and the regime of their application in the European and national legal order

The purpose of the topic:

The aim of this topic is to clarify how the institutions of the European Union function as a system of balance between the representation of citizens, the representation of Member States and the promotion of the common European interest, as well as how this system produces EU law through legislative procedures and ultimately transforms it into effective rules in all Member States. At the heart of the analysis is the link between the institutional architecture (who decides and within what limits), the legislative process (how rules are adopted) and the application of legal acts (how they become administrative, economic and social reality).

Topic Objectives: After studying this topic, students should be able to:

- explain the roles of the main EU institutions and the functional relationships between them;
- to correctly describe the ordinary legislative procedure (initiative, readings, negotiation, adoption), as used in most areas of competence;
- to distinguish between ordinary procedure and special legislative procedures, depending on the legal basis and the sensitivity of the area;
- to compare the main types of acts (regulation, directive, decision) and to argue their effects in national law;
- explain the role of legal and institutional control (in particular of the CJEU and the Commission) in ensuring the uniform application of EU law and in maintaining the coherence of the internal market.

3.1. Institutional architecture of the European Union: distribution of powers and interinstitutional balance mechanisms.

The European Union operates through a unique institutional construction, situated between the logic of the state and the logic of international organization. It does not reproduce the classic model of the separation of powers in a nation-state, nor does it function as a simple diplomatic conference in which decisions are only recommendations. The specificity of the EU derives from a structural reality: the Union adopts binding rules with a direct impact on the economy, administration and the lives of citizens, but it bases its legitimacy on two simultaneous sources. The first is the democratic legitimacy of „the citizens" (direct representation, in particular through the European Parliament). The second is the legitimacy of „the states" (through the participation of governments in the Council and the European Council). From the meeting of these two logics emerges the central idea of the institutional architecture: institutional balance, that is, the distribution of power between institutions in such a way that no institution transforms the decision-making process into a monopoly, and decisions result, as a rule, from cooperation, negotiation and mutual control.

This balance has a practical purpose: the EU must be both efficient and legitimate. Efficiency is essential for the functioning of the internal market and common policies (competition, environment, transport, energy, trade, public health, migration, etc.). If decisions depended solely on fragile unanimity or divergent applications, common rules would become symbolic and the economic costs of fragmentation would increase. Legitimacy is also necessary: citizens must be able to identify political responsibility ('who decided?') and Member States must be sure that their interests are protected under the Treaties. Consequently, the EU's institutional architecture is designed as a network of 'checks and balances', in which initiative, adoption, implementation and control are distributed between different institutions.

From a functional perspective, the EU separates (in an adapted form) several major roles:

- political guidance and priority setting;
- legislation (adoption of acts with legal force);
- policy execution and administration;

- judicial control of legality;
- financial control and audit of the use of funds.

In practice, however, these roles are interconnected: the same institution can be, in the same file, negotiator, co-decision maker and control actor. This results in both the complexity and robustness of the system: complexity because the decision involves stages and compromises; robustness because the adopted acts are generally more stable, being the result of an agreement between the citizen and the state level.

The institutional architecture is also a strict legal mechanism. Treaties define powers, procedures and limits; therefore, a "politically accepted" decision is not enough if it does not respect the procedure. Legality becomes a condition of governance: an act adopted in violation of the legal basis, procedure or powers can be challenged and, in certain situations, annulled. This legal component increases predictability and trust in the system: economic actors and public administrations calibrate their behavior on rules that depend not only on political circumstances, but also on clear institutional constraints.

To understand the balance more realistically, a typical example of institutional tension is useful. Let us suppose that the EU is pursuing a regulation on the reduction of emissions in an industrial sector. The Parliament can push for more ambitious targets, invoking public health and environmental protection. The Council can request transition periods or flexibilities for states with different industrial structures. The Commission tries to maintain technical coherence and propose an implementable text. The CJEU remains "in the background", but its presence as guarantor of the treaties influences the legal quality of the text: the institutions know that vague formulations or outdated competences can generate litigation. This is the concrete meaning of the balance: not just a "distribution of roles", but a mechanism that forces negotiated and legally sustainable solutions.

Finally, the EU's institutional architecture is dynamic. Enlargements, economic and financial crises, the pandemic, the war in the neighbourhood, digitalisation and pressures on competitiveness have led to adaptations in the way of cooperation, without completely changing the basic roles. Currently, the system can be understood as a multi-layered governance: central institutions decide on the common framework, and the Member States implement it, with supervision and coordination. This

logic makes the natural transition to the next sub-point: if the architecture defines the overall balance, it must be clearly identified what each institution does in concrete terms, especially in the law-making process.

3.2. The fundamental institutions of the European Union: structure, competences and functional responsibilities.

The EU institutions become understandable if we systematically answer five questions: who sets the political direction, who proposes, who adopts, who executes and who controls the legality and correctness of the use of resources. The EU has seven main institutions, along with specialized bodies and agencies spread across the member states, precisely to support complex policies and provide technical expertise.

European Council provides general political guidance. It brings together heads of state or government and sets strategic priorities: what topics are on the EU agenda, how to manage a crisis, what "big" compromises are acceptable. The European Council does not usually adopt detailed legislation, but it decisively influences the directions in which the legislative and executive institutions will work. In times of tension (energy, security, migration, financial stability), this institution functions as a space for "top-level coordination", where the political parameters of the European solution are built.

European Commission is generally the initiator of legislation and the promoter of the common interest of the Union. Under the ordinary procedure, legislation usually begins with a proposal from the Commission, transmitted to the Parliament and the Council (and, where appropriate, other consultative actors). The Commission prepares projects, carries out consultations, impact assessments and tries to formulate a solution applicable in all states. In addition, the Commission is the „guardian of the Treaties": it monitors the application of EU law and can initiate proceedings against states that fail to comply with obligations. In some areas (e.g. competition), the Commission has quasi-jurisdictional administrative powers: it investigates and can sanction infringements, which gives it strong visibility and a role in disciplining the market.

European Parliament represents the citizens of the EU and is a pillar of democratic legitimacy. In the ordinary legislative procedure, Parliament is co-legislator alongside the Council, based on the principle of

parity. In practice, Parliament works intensively in committees: appoints rapporteurs, negotiates amendments, organises hearings and builds political majorities. In addition to its legislative role, Parliament exercises political control: it hears the Commission, adopts resolutions, asks questions, can set up committees of inquiry and plays a key role in approving the EU budget.

Council of the European Union(often called the „Council") represents the governments of the Member States and is co-legislator in the ordinary procedure. The Council is not a single fixed formation: its composition varies according to the area (ministers of economy, agriculture, environment, justice, etc.). Negotiation has two levels: a technical one (working groups) and a political-diplomatic one (COREPER and ministerial meetings). The voting method (qualified majority or unanimity) has a major influence on the speed and nature of the compromise: qualified majority stimulates coalitions and compromises, unanimity increases the power of veto and can slow down sensitive files.

Court of Justice of the European Union (CJEU) ensures the uniform interpretation of EU law and the legality of adopted acts. Without this role, the same rule could be applied differently in different states, and the internal market and citizens' rights would become unequal. The CJEU settles actions on the validity of EU acts, disputes between institutions, disputes between states and, crucially, answers preliminary questions submitted by national courts, strengthening the unity of the legal order.

European Central Bank (ECB) plays a central role in the euro area (monetary policy and price stability) and contributes to the economic architecture of the Union. The European Court of Auditors verifies the legality and regularity of the use of EU funds and the efficiency of spending, contributing to transparency and accountability. In addition, advisory bodies such as the Committee of the Regions and the European Economic and Social Committee provide perspectives from local authorities and civil society in the decision-making process. Overall, the EU institutions and bodies form a multi-layered governance, designed to translate diverse interests into a coherent set of common rules.

3.3. Legislative procedure in the European Union: stages, actors involved and decision-making mechanisms.

EU lawmaking can be understood as an institutional route to a public problem that transcends national borders. The process typically starts with the identification of a need for regulation: a market distortion, a cross-border risk, a major difference in standards that generates costs for businesses and inequality for citizens. At this point, the European Commission plays the role of a "technical engine": it collects data, consults stakeholders, assesses options and develops a proposal that has a solid legal basis and a credible public policy justification.

A typical example: if countries have very different rules on cybersecurity of essential services, an attack can have knock-on effects in several countries and companies are required to comply with divergent standards. The Commission can propose a common rule setting minimum requirements, reporting mechanisms and cooperation. Before formal transmission, the Commission carries out consultations and, often, impact assessments, precisely to demonstrate that intervention at EU level is justified and proportionate.

Once the proposal has been adopted, the ordinary legislative procedure (the most common) begins when the Commission transmits it to the Parliament and the Council. The defining feature of the ordinary procedure is co-decision: Parliament and the Council adopt the legislation together, on an equal footing, through a system of readings (up to three) and the possibility of reaching a joint text at any stage.

In Parliament, the proposal is sent to the competent committee, where the rapporteur prepares the draft report and amendments. Compromise "families" are formed between political groups, and hearings and expert consultations support the technical argumentation. In the Council, working groups and COREPER refine the positions of the states, seeking formulations acceptable to the majorities. Here the difference in logic appears: Parliament often prioritizes political coherence and the protection of the public interest; the Council balances national interests, administrative capacities and internal economic effects.

Interinstitutional negotiation is often accelerated by trilogues (meetings between representatives of the Parliament, the Council and the Commission), used to reduce the distance between positions and avoid

deadlocks, without replacing the formal steps of the procedure. In realistic terms, trilogues are mechanisms for "compromise engineering": Parliament can demand higher standards, the Council can request transitions and flexibilities, and the Commission aims to maintain the objective and legal coherence of the proposal.

The procedure works in stages:

- First reading: Parliament adopts its position; Council may accept (quick adoption) or formulate its position.
- Second reading: if there is no agreement, negotiations are held under stricter conditions.
- Conciliation and third reading: if divergences persist, conciliation mechanisms are activated for a common text, then a final vote.

Finally, the adopted act is published and enters into force according to its rules. From this moment on, the „legal life" of the norm begins: authorities and economic operators have clear guidelines regarding obligations, deadlines and sanctions. European lawmaking is not just about drafting texts, but a process of balancing interests, designing implementation and ensuring uniformity in 27 different administrative and economic contexts. Therefore, the quality of a European norm is measured not only by ambition, but by the capacity to be applied coherently and verifiably in all Member States.

3.4. Categories of legal acts of the European Union and the regime of their application in the European and national legal order.

In the EU, legislation does not produce a single uniform type of "law", but a set of acts with different legal force and effects. Understanding the typology of legal acts is essential to explain why some rules are directly applicable in the Member States and others require transposition; why some are addressed to everyone and others to a specific addressee; and how uniform implementation is ensured in practice.

The main types of EU legal acts include: regulations, directives, decisions, recommendations and opinions.

Regulationis, as a rule, generally applicable, binding in its entirety and directly applicable in all Member States. This means that it does not, in principle, need a „national transposition law" to produce effects: administrations and courts must apply it as such.

- **Direction**- It is binding as to the result to be achieved upon the Member States to which it is addressed, but leaves them free as to the form and methods. The directive therefore requires transposition: the Member State must adopt internal acts which transform the objective of the directive into applicable national rules.
- **Decision**-It is mandatory in its entirety, but, as a rule, has specific recipients (a state, an institution, a company, etc.).
- **Recommendations and opinions** - they are not binding, but they influence policy direction and interpretation, especially when preparing future legislation or outlining standards of good practice.

The difference between direct application and transposition has important practical consequences. In the case of a regulation, the central issue is correct and uniform administrative application (procedures, controls, penalties), not „transposition" into national law. In the case of a directive, the typical risks are delayed transposition, incomplete or „watered down" transposition, or the emergence of national variations that undermine the common objective. That is why the Commission monitors transposition and can launch procedures when Member States fail to fulfil their obligations.

In addition to the ordinary legislative procedure, the Treaties also provide for special legislative procedures, used in more politically or institutionally sensitive areas. In these situations, Parliament may have a consultative or assent role (accept/reject), and the Council may have a greater weight in the adoption. The logic is one of adapted balance: areas with constitutional, fiscal or sovereignty impact are often treated differently, precisely to ensure political acceptability and compliance with the Treaties.

A third level, essential in the „life" of EU rules, is represented by acts that complement or ensure the uniform application of basic legislation:

1. Delegated acts– mechanism by which the legislator (Parliament and Council) delegates to the Commission the power to supplement or amend non-essential elements of a legislative act, in order to technically adapt the norm (for example, updating a list, parameters, technical requirements). Democratic control remains through the possibility of opposition or revocation of the delegation under the conditions established by the basic act.

2. Implementing acts– measures adopted to ensure uniform conditions of implementation in all Member States, in particular where there is a risk of administrative fragmentation. In practice, States participate in the supervision of these acts through committees (comitology mechanisms), precisely in order to combine executive efficiency with State control.

A clarifying example: if a regulation establishes a common framework for reporting data in a sector, and each state interprets the format „according to its own tradition", operators would be forced to work with 27 different procedures, nullifying the benefit of the single market. Implementing acts establish procedural uniformity, and delegated acts allow for the rapid updating of technical elements, without having to restart the entire legislative process.

Finally, the application of legal acts is supported by quality and control filters: respect for EU competence, subsidiarity and proportionality (in the drafting phase), as well as judicial control (the possibility of challenging acts) and financial control (auditing funds). The European system is built in such a way that the norm is not only adopted, but also implemented, verified and, if necessary, adjusted. In this sense, EU law functions as a "living" system, in which legislation, application and control form a continuous circuit.

Review problems

- Why does the EU's institutional architecture combine representation of citizens with representation of member states, and how is this reflected in the decision-making process?
- What is the difference between the European Council and the Council of the European Union in the political and legal life of the EU?
- Why is the Commission considered the main legislative initiator and what does the role of „guardian of the treaties" mean?
- In what sense are Parliament and the Council co-legislators in the ordinary legislative procedure? What is the role of the CJEU in ensuring the uniform application of EU law and why does this role matter for the internal market?
- Describe the main steps of the ordinary legislative procedure (initiative, readings, negotiations, adoption).

- What are trilogues and why are they frequently used to achieve compromise?
- In what situations are special legislative procedures used and how do they influence the role of Parliament?
- Compare regulation and directive: direct application vs. transposition; risks of poor transposition.
- Explain „control" in the EU: political, legal, administrative and financial control, with an example for each.

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UNIT IV: THE JUDICIAL SYSTEM OF THE EU AND ENFORCEMENT OF EU LOW

4.1. Court of Justice of the European Union: institutional status, organizational structure and jurisdictional powers
4.2. Judicial actions and procedures before the Court of Justice: mechanisms for controlling legality and ensuring compliance with Union law
4.3. The preliminary reference procedure and ensuring uniform interpretation of European Union law
4.4. Implementation and application of European Union law in the legal order of the Member States: principles, obligations and control mechanisms

The purpose of the topic:

The aim of this topic is to explain the role and functioning of the judicial system of the European Union, with a focus on the Court of Justice of the European Union (CJEU), as well as the mechanisms by which EU law is interpreted and applied uniformly both at the level of the European institutions and within the national courts and authorities. The topic aims to show how the „legal unity" of the Union is built, why it is indispensable for the internal market and citizens' rights, and through which procedural instruments deviations (at the level of states or institutions) are corrected or uncertainties of interpretation are clarified.

Theme objectives: After studying the topic, students will be able to:

- describes the role of the CJEU in the EU's institutional architecture and its main competences;
- identify the components of the EU judicial system (Court of Justice and General Court) and the functions of each;
- differentiate the types of actions and procedures before the CJEU and explain their purpose and effects;
- explain the preliminary reference procedure, including the conditions, the subject matter of the questions and the effects of the decision;
- argued the role of national courts in the application of EU law and their obligations in the event of a conflict between national and European law;

- apply the concepts of supremacy, direct effect and consistent interpretation in simple legal situations;– explain the principles of effective judicial protection and procedural remedies (effectiveness and equivalence) in the context of EU law;
- present, at an introductory level, the logic of state liability for breach of EU law and the role of compliance/execution of judgments.

4.1. Court of Justice of the European Union: institutional status, organizational structure and jurisdictional powers

The judicial system of the European Union is, in essence, the mechanism that transforms EU law from a set of rules "above" the states into a law "within" the states, capable of producing concrete effects for institutions, national authorities, companies and individuals. In the absence of a judicial authority guaranteeing unity of interpretation, EU law would risk fragmenting into 27 national versions, and the internal market – built precisely to overcome borders – would become unpredictable. For this reason, the CJEU functions as the judicial pivot of the European project: it does not just "judge" disputes, but maintains the coherence of an autonomous legal order, in which the rules must be applied uniformly, regardless of the administrative, cultural and institutional differences between the states.

The role of the CJEU is best understood through the idea of legal unity. The EU is an area in which goods, people, services and capital circulate; but this circulation would be vulnerable without identical rules or at least equivalent in legal meaning. Uniformity is not an abstract ideal, but an instrument for reducing economic risk and protecting rights. In an integrated economy, a difference in interpretation can create unjustified competitive advantages, affect consumer confidence, distort competition and generate the "migration" of disputes to jurisdictions perceived as more favourable. The CJEU stabilises the meaning of rules precisely to avoid such ruptures.

From an institutional point of view, the EU judicial system includes the Court of Justice and the General Court, organised in such a way as to combine the function of a 'court of principles' with the function of a 'court of facts' in complex disputes. The Court of Justice is the centre of interpretation: it plays a major role in the preliminary ruling procedure and in cas-

es with structural implications for the EU legal order (e.g. the validity of acts of the institutions, interinstitutional conflicts, certain actions against States). The General Court is usually the court of first instance for a wide range of disputes, in particular those involving extensive factual analysis or technical cases (competition, state aid, economic sanctions, access to documents, intellectual property, etc.). This division reflects a reality: the EU generates a considerable volume of technical disputes, and the quality of the decision depends not only on the abstract interpretation of the rule, but also on the examination of the factual details.

The composition of the CJEU also expresses a compromise between representation of the states and judicial independence. Each Member State has one judge, and the Court is assisted by advocates-general, who formulate reasoned conclusions in important cases, helping to clarify legal issues and develop arguments. From a didactic perspective, the role of the advocate-general is essential: his conclusions are not binding, but they provide a solid analytical framework and can influence the development of case-law, especially in new or controversial areas. At the same time, regardless of the origin of the judges, the Court operates on the principle of independence: the judges do not represent governments and do not receive political instructions, and the legitimacy of the institution depends precisely on this distance from political decision-making.

The powers of the CJEU can be systematized into three large blocks:

- control of the legality of EU acts,
- ensuring compliance with Member States' obligations,
- strengthening effective judicial protection and uniform interpretation.

The control of the legality of EU acts is crucial because the European institutions (Parliament, Council, Commission, ECB, etc.) exercise real legislative and executive powers. In a democratic system, power must be subject to legal control. Acts can therefore be challenged for lack of competence, infringement of procedure, infringement of the Treaties, infringement of fundamental rights or misuse of power. This function has a double meaning: it protects the rights of individuals and preserves the institutional balance, preventing the institutions from extending their powers beyond the Treaties.

Ensuring compliance with Member States' obligations occurs mainly through infringement procedures. In practice, many „infringements" of

EU law are not spectacular: they can be delays in transposition, incompletely harmonised national rules, administrative practices that unduly restrict a freedom, bureaucratic procedures that discourage cross-border operators. By controlling Member States, the CJEU contributes to maintaining a „level playing field" in the internal market: it is not acceptable for one State to apply the rules strictly and another to apply them selectively, gaining an economic or political advantage.

Effective judicial protection and uniform interpretation are the dimensions that transform the CJEU into a constitutive actor of the European legal order. EU law cannot function if it remains only a law of the institutions; it must be a law of individuals and courts. The CJEU therefore interacts structurally with national courts: they resolve most disputes relevant to EU law, and the Court provides the interpretation that "harmonises" the meaning of the rules. The relationship is not a simple hierarchical one (as in a national system), but one of cooperation: the national court is not replaced, but supported in applying EU law uniformly.

Finally, the place of the CJEU in the EU architecture is independent and, at the same time, deeply integrated: the Court does not establish policies, but influences the way in which policies become applicable law; it does not represent the states, but it protects the coherence of their obligations; it is not a legislator, but its case-law clarifies notions, standards and application mechanisms, becoming an indispensable source for understanding EU law. This position explains why the study of the CJEU is not a "technical chapter", but a structural chapter: without a judicial system, the European project would have rules, but would have no guarantees.

4.2. Judicial actions and procedures before the Court of Justice: mechanisms for controlling legality and ensuring compliance with Union law.

To understand how the effectiveness of EU law is ensured, it is necessary to analyse the procedural instruments by which the CJEU reviews legality, enforces compliance and provides remedies. In a didactic way, the procedures before the EU courts can be grouped into: direct actions, appeals and ancillary procedures (interim measures, accelerated/urgent procedures). Each category corresponds to a systemic need: direct actions ensure control of the "centre" (the EU institutions and, in certain cases,

the States), while ancillary procedures respond to urgency, preventing the law from becoming useless over time.

a) Action for annulment (legality of EU acts)

The annulment action is the classic mechanism for reviewing the legality of EU acts. Its logic is simple: if the institutions adopt an illegal act, the act must be removed from the legal order (under the conditions and with the effects established by EU law). The grounds for annulment are relevant not only for lawyers, but for understanding the European rule of law: illegality can derive from exceeding competence, infringement of essential procedures, infringement of the Treaties or general principles, or misuse of power. In other words, the court does not only verify the political "result", but also compliance with the rules of competence, transparency and reasoning.

In practical terms, the action for annulment is frequently used in areas where institutions adopt decisions with a major economic impact: competition, state aid, economic sanctions, regulations with structural effects. For students, it is important to distinguish between: (i) challenging acts of general application and (ii) challenging individual decisions. In addition, access to this action by individuals is subject to strict criteria, precisely to avoid the CJEU becoming a general European administrative dispute resolution body for any grievance. This procedural "filtering" explains why, in many situations, disputes are first brought before national courts and then indirectly reach the CJEU through a preliminary ruling.

b) Action for failure to fulfil obligations (against states)

A central instrument for the coherence of EU law is the action by which it is established that a Member State has failed to fulfil its obligations. It has a structural function: it maintains the legal "discipline" of the European project, given that implementation is mainly carried out by the national apparatus. The procedure usually has a pre-litigation stage (dialogue, notifications, the possibility for the State to remedy), followed by referral to the Court. If the State does not comply, additional consequences may arise, including financial sanctions.

The practical value of this mechanism is exceptional: sometimes, infringements are systemic (an entire law contrary to EU law, a generalized administrative practice, a massive delay in transposition). Individual litigation would be insufficient to correct the problem. Here, infringement becomes

an instrument of structural correction. At the same time, the mechanism has a preventive effect: states know that the persistence of an infringement can escalate and produce reputational, political and financial costs.

c) Action in finding the omission (inaction of the institutions)

In a mature legal system, scrutiny is not only aimed at excess of power, but also at unjustified passivity. Action for failure to act covers situations where an EU institution fails to act, although the Treaties or the legal framework require it to do so. This has direct relevance for the principle of good administration and legal certainty: failure to act can maintain uncertainty or prevent the exercise of rights.

Conceptually, this action sends a clear message: institutions cannot avoid legal responsibility by mere delay or silence. In practice, it may arise in the context of European administrative procedures, where a decision must be taken within a reasonable time.

d) Action for damages (non-contractual liability of the EU)

The EU, as a legal entity, can be held liable for damage caused by its institutions. This action reflects a fundamental idea: public authorities must be liable, including in financial terms, when they infringe the law in a sufficiently serious way and cause damage. The conditions are usually demanding: the damage, the causal link and the breach of a rule intended to confer rights must be proven. The rigour of the conditions protects the institutions' capacity to act, but the existence of the action protects individuals against abuses and strengthens the rule of law.

e) Appeal against decisions of the General Court

The appeal ensures the coherence of case law and the correctness of the interpretation of the law, being essentially a remedy focused on points of law. This limitation is important: the EU system tries to avoid a complete re-examination of the facts, in order to maintain efficiency. At the same time, the appeal has a "systemic" function: it clarifies standards of interpretation which then become benchmarks for the EU and national courts.

f) Provisional measures, accelerated procedures and urgent procedures

Time is a decisive legal factor. In certain situations, a decision on the merits delivered after years may come too late. That is why there are interim protection mechanisms, designed to avoid irreparable damage or to preserve the effectiveness of the right until the case is resolved.

Accelerated and urgent procedures respond to the same need, especially in areas where the rights of the individual are immediately affected (for example, judicial cooperation, certain situations in the area of freedom, security and justice). These mechanisms show that the judicial system is not just a space of doctrine, but a practical instrument of protection.

Overall, the contentious procedures before the CJEU are the „toolbox" of the European rule of law: some correct institutions, others discipline states, others provide remedies, and others manage emergencies. Understanding them allows the student to link the principles (supremacy, effectiveness, jurisdictional protection) to the instruments through which these principles become operative.

4.3. Preliminary reference procedure and guaranteeing uniform interpretation of European Union law.

The preliminary ruling is perhaps the most characteristic mechanism of EU law, as it establishes a permanent judicial dialogue between national courts and the CJEU. Instead of transforming the CJEU into a supreme court of appeal for all disputes in the Union, the Treaties have created a more subtle solution: the national courts remain the ones to judge the dispute, but the CJEU is called upon to clarify the meaning of the EU rule or to verify the validity of a European act. This architecture is essential for uniformity, but also for respecting the autonomy of national procedures.

From a functional point of view, the preliminary ruling resolves a structural tension: EU law must be applied everywhere, but the application takes place in different judicial systems. Without an interpretative harmonisation instrument, each national supreme court could consolidate its own interpretative tradition and the EU would become a mosaic. The preliminary ruling prevents this risk by centralising interpretation, not litigation. Thus, the CJEU establishes the meaning of the rule, and the national court decides the case.

The subject matter of a preliminary ruling is twofold: the interpretation of EU law and the validity of EU acts. Interpretation may concern treaties, regulations, directives, general principles, the Charter of Fundamental Rights. Validity concerns acts of the institutions: where there are serious doubts, the national court cannot declare an EU act invalid on its own, as this would lead to fragmentation (act valid in one Member State,

invalid in another). Validity is therefore "concentrated" on the CJEU. This rule protects the unity of the legal order and economic stability.

A central question is: who can send questions? In principle, courts that meet the functional criteria of a „court" within the meaning of EU law: permanent character, independence, adversarial procedure, competence to apply rules of law. This functional approach is important in practice because some administrative or professional bodies may have quasi-jurisdictional powers. For the student, the conclusion is pragmatic: qualification does not depend only on the name, but on the actual function.

Another essential point concerns the obligation of the courts of last instance to refer to the CJEU when a relevant question of interpretation arises and there is insufficient clarity. The obligation has a "safety" role: it prevents the emergence of divergent interpretations at the highest level of national jurisdiction. At the same time, this obligation does not mean that every problem must be referred. The court assesses the relevance of the question for the resolution of the dispute and the degree of clarity of the rule. From a didactic perspective, it is worth emphasizing the responsibility of the national judge: the preliminary reference is not an "avoidance" of the decision, but a technique for consolidating European legality.

The effects of the preliminary ruling are manifested on two levels. In the specific case, the national court must apply the CJEU interpretation in order to resolve the dispute. In general, the ruling has a standardising impact: other courts, faced with the same problem, tend to follow the CJEU interpretation. Thus, preliminary ruling becomes an instrument for stabilising the internal market: economic operators can better anticipate the legal consequences and citizens benefit from more uniform protection.

A major advantage of the preliminary ruling is that it allows for the "development" of EU law without formally amending the Treaties. Through successive clarifications, the CJEU defines key concepts, draws boundaries, and reinforces the principles of effectiveness and judicial protection. However, a realistic course must also mention its limits: the length of the procedure can be significant, and the formulation of the questions influences the quality of the answer. Vague questions generate general answers; well-calibrated questions produce operational clarifications.

In practice, the preliminary reference is also a strategic tool for the parties. Sometimes the parties request the reference to obtain clarity; at

other times, they use it as a delaying strategy. Therefore, the national court must manage the balance between the need for uniformity and the need for speed. At a didactic level, this is an important message: EU law does not operate in a vacuum, but in conditions of procedural pressure, limited resources and diverging interests.

In conclusion, the preliminary reference is the "backbone" of uniform application: the CJEU provides the interpretation, the national courts apply it, and together they create a common legal area. Without this dialogue, EU law would remain either too centralised (if the CJEU were to judge everything) or too fragmented (if each state were to interpret autonomously). The preliminary reference mechanism is therefore a sophisticated legal governance solution, adapted to the nature of the Union.

4.4. Implementation and application of European Union law in the legal order of the member states: principles, obligations and control mechanisms.

The application of EU law in the Member States is where it is really tested whether the Union functions as a legal order or remains a declarative normative architecture. No matter how elaborate European legislation is, it only becomes relevant when it produces effects in administrations, courts, markets and social relations. Here, the role of national courts is decisive: they are the ones who resolve the majority of disputes in which EU law is invoked, even if the CJEU is the guarantor of uniform interpretation. The application of EU law is therefore often described as a "networked" system: European rules + European institutions + national courts + procedural remedies.

Three principles are fundamental to enforcement: supremacy, direct effect and consistent interpretation, complemented by loyal cooperation. Supremacy expresses the idea that, in the event of conflict, the applicable EU rule prevails over the national rule. Its practical function is to avoid the neutralisation of EU law: if a State could maintain conflicting domestic rules and force the courts to apply them, the internal market would be fragmented. In operational terms, supremacy does not mean the "automatic annulment" of the national rule, but the obligation of the court not to apply it in the specific dispute when it conflicts with the applicable EU law.

Direct effect allows individuals to rely on certain EU rules before national courts, if they are sufficiently clear, precise and unconditional. Its importance is major: EU law becomes a source of real rights, not just an interstate obligation. In practice, direct effect increases the legal protection of the individual and disciplines the administration: authorities know that their decisions can be challenged on the basis of EU rules. At the same time, not all rules have direct effect in the same way; differences between regulations, directives and decisions matter, and the litigious context ('vertical' relationship with the State vs. 'horizontal' relationship between individuals) becomes relevant for legal analysis.

Conforming interpretation functions as a mechanism of harmonisation "from within": when the national rule allows for several interpretations, the court must choose the interpretation that achieves the objective of EU law, to the extent possible. This mechanism is pragmatic: it reduces open conflicts and allows for the gradual integration of EU rules into national law. However, conforming interpretation has limits: it cannot lead to interpretations contrary to the law and cannot violate fundamental requirements of legality, especially in criminal matters or in situations where the predictability of the rule is essential.

The application of EU law also implies a procedural requirement: effective judicial protection. Rights conferred by EU rules would be illusory without real remedies. This is where two key principles of EU law concerning national procedure come into play: equivalence and effectiveness. Equivalence requires that rights based on EU law should not be treated less favourably than similar rights based on national law. Effectiveness requires that national procedural rules should not make it impossible or excessively difficult to exercise rights conferred by EU law. These principles have a direct impact: time limits for challenging, court fees, the burden of proof, access to evidence and the possibility of suspending administrative acts can sometimes become incompatible with the effectiveness of EU law.

The role of national courts is thus more complex than the mechanical "application" of rules. They have to decide: (i) whether the EU rule is applicable, (ii) whether there is a conflict with the national rule, (iii) whether a consistent interpretation is possible, (iv) whether the EU rule has direct effect, (v) what procedural remedy is appropriate for the protection of the right. In a simple example, an economic operator challenges a national

tax that unjustifiably restricts an internal market freedom. The court has to assess the compatibility with EU law and, if there is a conflict, ensure the effectiveness of EU law by disapplying the national rule. In an employment dispute on non-discrimination, the court can apply EU standards and, if the interpretation is uncertain, can refer the matter to the CJEU for a preliminary ruling.

An element of the maturity of the system is the state liability for the breach of EU law. From a systemic perspective, it is not enough for the state to be obliged to amend its law for the future; sometimes the breach produces concrete damage. State liability functions as a redress mechanism and as an incentive for compliance: the authorities are motivated to apply EU law correctly, because the breach may generate patrimonial costs. Even if the conditions are strict (rule conferring rights, sufficiently serious breach, causality), the existence of the mechanism reinforces the idea that EU law is a complete law, with remedies.

Compliance and execution of judgments close the circle of application. A CJEU judgment, whether in infringement proceedings or in a preliminary reference, must produce real effects: legislative changes, administrative adjustments, changes in practice. In reality, compliance depends on the quality of the administration and the domestic legal culture. Sometimes compliance is rapid and complete; sometimes it is formal (the law changes, the practice remains), and the system reacts through repeated national litigation, new preliminary references or Commission interventions.

In conclusion, the application of EU law in the Member States is not a "final" chapter, but the vital centre of the system. The CJEU ensures interpretation and control, but national courts ensure the daily life of the rules. Supremacy, direct effect, conform interpretation, effectiveness of remedies and state liability constitute the mechanism by which EU law becomes applied law, not just declared law. Understanding this chain allows the student to lucidly analyse where ruptures occur (contradictory domestic rules, overly restrictive national procedures, non-compliant administrative practices) and what instruments exist for correction (national litigation, preliminary reference, infringement, patrimonial remedies).

Table 4.1: Mechanisms of the EU judicial system and the application of EU law

Mechanism/procedure	Themes (indicative)	Who initiates?	Against whom/what is being contested?	Scope	Typical legal outcome	Practical effects in the Member States
Preliminary reference (interpretation)	Article 267 TFEU	National court (upon request or ex officio)	Questions on the interpretation of EU law	Unifying the meaning of EU rules	CJEU ruling clarifying the interpretation	National court applies interpretation; strong guidance for other courts; reduces fragmentation of the internal market
Preliminary reference (validity)	Article 267 TFEU	National court	Doubts regarding the validity of an EU act (regulation/ decision, etc.)	Avoiding the situation "act valid in one state and invalid in another"	The CJEU confirms the validity or declares the act invalid	If invalid: the act becomes inapplicable; states and institutions must comply
Action for annulment	Article 263 TFEU	EU institutions, states; under strict conditions: individuals/ legal entities	**Acts of the EU institutions**(legality)	Control of the legality of EU acts	Act annulled (totally/ partially) or rejected	Correct the EU's "normative center"; knock-on effects on national implementation
Action for omission (inaction)	Article 265 TFEU	EU institutions, states; sometimes individuals	**Failure to fulfill an obligation to act**by an institution	Forcing a decision when silence is illegal	Finding of omission; obligation to take action	Reduces administrative bottlenecks at EU level; increases legal certainty
Breach of obligations (infringement)	Articles 258–260 TFEU	Commission (main); sometimes states (art. 259)	**Member State**: breach of EU law (transposition, application, practices)	State compliance and protection of uniformity	Decision of determination; possible financial sanctions (art. 260)	Corrects structural problems; pressure for legislative and administrative changes

Action for damages (EU liability)	Articles 268 + 340 TFEU	People/companies; sometimes states	**TORT**caused by EU institutions	Reparation of damage; disciplining the EU administration	Compensation (if conditions are met)	Increases motivation/ precaution standards; indirect effect on national enforcement
Appeal (legal appeal) against decisions of the General Court	Art. 256 TFEU + Statute of the CJEU	Parties to the process	Judgments of the General Court (usually only questions of law)	Jurisprudential coherence and legality review	Limited upholding/ overturning/retrial	Stabilizes standards for economic litigation (competition, sanctions, etc.)
Provisional measures	CJEU Statute + practice	Parties to the process	Suspension of effects of act / interim measures	Protection until the solution is found	Suspension order / interim measures	Avoids irreparable harm; preserves the usefulness of EU law
Direct application of regulations	Article 288 TFEU	National authorities + courts	EU norm of general applicability	Immediate uniform application	The regulation applies as such	Reduces variations; requires good national administrative capacity
Transposition of directives	Article 288 TFEU	Member State (legislative/ administrative)	EU norm requiring transposition	Harmonization with national flexibility	National transposition law	Risks: incomplete/delayed transposition → litigation, infringement
Supremacy of EU law (priority in conflict)	CJEU case law	National courts/authority	Conflict between national norm and applicable EU norm	Ensuring the effect of EU law	The contrary national rule is left unapplied in the case	Essential for the internal market; prevents the "neutralisation" of EU law

Direct effect	CJEU case law	Persons in national disputes	Invoking EU law in court	Transforms EU law into justiciable rights	Invokable right (if the norm is clear/ precise/ unconditional)	Increases protection of the individual; disciplines the administration
Conforming interpretation	CJEU case law	National courts	Interpretation of domestic law in the light of the EU	Avoiding direct conflict, harmonization	EU-compatible national interpretation (within limits)	Very common practical tool; limits: not contra legem
National remedies: effectiveness & equivalence	CJEU case law	National courts	Internal procedural rules (timelines, evidence, fees)	Effective jurisdictional protection	Adjusting procedural enforcement when blocking EU rights	Makes EU law "real" in court; influences domestic procedure
State liability for breach of EU law	CJEU case law	Individuals/ companies in national courts	State (law/ practice)	Compensation + compliance incentive	Compensation (under strict conditions)	

The analysis of the mechanisms presented in the table highlights the fact that the judicial system of the European Union operates as an integrated structure, in which the European and national levels are not mutually exclusive, but complement each other. On the one hand, the Court of Justice of the European Union ensures the control of the legality of the acts of the institutions and supervises the compliance of the Member States with their obligations, through actions such as annulment or finding of failure to fulfil obligations. These procedures have a corrective and structural role: they intervene when the legal balance is affected at the macro level, either by an illegal act of an institution or by a systemic breach of EU law by a State.

On the other hand, the preliminary ruling mechanism and the principles of application of EU law (supremacy, direct effect, consistent interpretation) operate at the micro level, in concrete disputes resolved by na-

tional courts. They transform EU law into effective and justiciable law, not just an abstract normative framework. Uniformity is not imposed through excessive centralisation, but through judicial cooperation: national courts remain „judges of EU law", and the CJEU provides the interpretation that guarantees coherence.

Overall, the system reflects a logic of balance between national procedural autonomy and the requirements of effective judicial protection. EU law thus becomes applicable in practice only to the extent that the control, cooperation and redress mechanisms operate simultaneously and coherently.

Review problems

- Explain what the supremacy of EU law means and how it manifests itself in a concrete dispute before a national court.
- Differentiate between direct effect and conformal interpretation. In what situations is each technique used and why?
- What does the obligation of loyal cooperation of Member States entail and how is it reflected in the work of the national administration and courts?
- Under what conditions must a national court disapply a domestic rule that is contrary to EU law? Indicate the practical consequences of this solution.
- Analyze the principles of effectiveness and equivalence: how do they limit the procedural autonomy of Member States?
- What elements do the procedural guarantees related to the right of defense in an administrative procedure and in a civil/contentious trial include?
- Why is the reasoning of administrative acts and court decisions important for the effective protection of rights conferred by EU law?
- Present the logic of state liability for breach of EU law and explain the three basic conditions for the award of damages.
- How is state compliance achieved after a violation has been found: what role do national authorities, the Commission and the CJEU play in practice?
- Give an example of a situation where provisional protection (suspension/interim measures) is necessary for EU law to remain effective.

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UNIT V: FREE MOVEMENT OF GOODS.

5.1. Legal foundations and scope of the Internal Market: delimitation of the notion of „goods" in European Union Law.
5.2. Trade barriers incompatible with the Internal Market: prohibition of customs duties, charges having equivalent effect, quantitative restrictions and measures having equivalent effect
5.3. The regime of derogations and justifications: Article 36 TFEU, overriding requirements of general interest and the application of the proportionality test
5.4. Legislative harmonization and the principle of mutual recognition: mechanisms of legal integration, enforcement and jurisdictional remedies

The purpose of the topic: is to form a solid and applied understanding of the legal regime of the free movement of goods in the European Union, by explaining prohibited barriers, justification mechanisms and harmonization/mutual recognition instruments, so that students can correctly analyze real market situations and commercial disputes from the perspective of EU law.

Theme objectives: After studying the topic, students will be able to:

- explain the role of the internal market and define the notion of "goods" and the scope of free movement;
- identify and differentiate the main types of barriers: customs duties, taxes with equivalent effect, quantitative restrictions and measures with equivalent effect;
- to apply the logic of legal analysis of a national measure affecting intra-EU trade, including the assessment of the effect on market access;
- distinguish between product rules and sales rules and assess their impact on imports;
- to explain the possible justifications: the grounds in Article 36 TFEU and the imperative requirements of general interest, with emphasis on their conditions of use;
- to apply the proportionality test (adequacy, necessity, less restrictive alternatives) and to argue coherently for/against the justification;

- describe the role of EU harmonization and mutual recognition and explain their relationship to consumer protection;
- understand the logic of conformity assessment and marking (e.g. CE) and their connection with free movement;
- to identify the means of enforcement and remedies: complaints, infringement procedure, preliminary reference, as well as the role of national courts;
- to formulate basic legal conclusions and recommendations for an economic operator or an authority, in typical situations of blocking market access.

5.1. Legal foundations and scope of the Internal Market: delimitation of the notion of „goods" in European Union law.

The free movement of goods is one of the „backbones" of the internal market and, at the same time, one of the most concrete expressions of European integration: citizens and businesses feel its effects every day, through the availability of products, through prices, through the variety of offer and through the possibility of organising cross-border supply chains without artificial friction. In European Union law, this freedom does not have the simplistic meaning of „lack of regulation", but represents a legal regime of controlled opening of national markets: states can regulate, but cannot regulate in an arbitrary or protectionist manner; they can protect public interests, but they must do so through justifiable, proportionate and non-discriminatory measures.

The internal market is distinguished from a simple free trade area. In a free trade area, the elimination of tariffs can coexist with divergent national standards; in the internal market, the emphasis shifts to the removal of barriers „behind the border" (technical regulations, administrative procedures, trading conditions) and to the creation of an area without internal borders, in which the rules operate as uniformly as possible. That is why the free movement of goods is structurally linked to: (i) the customs union (no taxes at internal borders), (ii) the prohibition of quantitative restrictions, (iii) the control of „measures having equivalent effect" and (iv) mechanisms for harmonisation and mutual recognition.

From an empirical perspective, integration through intra-EU trade remains massive: Eurostat indicates that intra-EU exports of goods were

valued at €4,025 billion in 2024, significantly higher than extra-EU exports (€2,584 billion). Furthermore, the Commission's report published in 2025 notes that the share of cross-border trade in goods between EU states in EU GDP increased from "just over 20%" (2018) to 23.8% (2023) (indicator of Single Market integration). These two benchmarks are useful didactically: the first shows the "size" of the intra-EU market in absolute values, and the second captures integration relative to the size of the economy.

The concept of „goods" within the meaning of EU law-for the application of freedom, the qualification of the object as a „goods" is decisive. In a functional sense, EU law treats as goods goods that can be valued in money and are susceptible to commercial transactions (agricultural and industrial goods, raw materials, components, finished products, consumer goods, equipment). The practical relevance is twofold:

1. Delimitation of services and capitals: a complex commercial transaction (e.g. a device delivered with software and subscription) may raise the question of whether the dispute concerns primarily the product (goods) or the service (service). In practice, disputes often „settle" on the dominant element of the transaction, and for „smart" goods there is often an overlap between product conformity and digital requirements (labeling, security, interoperability).

2. Determining the scope of market rules: if it is a „good", it falls within the logic of market access and prohibitions of barriers. If it is not a „good", the dominant legal instruments may be others (e.g., freedom of services, digital norms, etc.).

In its classical form, freedom operates in intra-EU trade: the good moves from State A to State B to be placed on the market. However, in practice, relevant situations also arise when the national measure:

- applies to "everyone" but disproportionately affects imports (indirect discrimination);
- does not formally prohibit import, but slows it down through procedures (authorizations, re-testing, additional documents);
- creates an entry cost (administrative fees related to import), which fragments the market.

5.2. Trade barriers incompatible with the Internal Market: prohibition of customs duties, charges having equivalent effect, quantitative restrictions and measures having equivalent effect.

In the internal market, barriers have historically evolved: from visible instruments (tariffs, quotas) to more "subtle" instruments (technical requirements, administrative procedures, marketing conditions). From a legal point of view, EU law responds to this evolution through an architecture of prohibitions covering both explicit and disguised forms.

(A) Internal customs duties and charges having equivalent effect: strict prohibition

Customs dutiesbetween Member States are incompatible with the very idea of the internal market. Their effect is immediate: they increase the price of the imported good and protect domestic production. For this reason, the ban is treated as a categorical one, with no real room for political „balances".

In practice, states do not usually use the label „customs duty", but may introduce payments under other names: „processing fee", „control fee", „registration fee", „certification fee". This is where the concept of a tax with equivalent effect comes in: it does not matter what the payment is called, but whether it is imposed due to the crossing of the internal border and whether it produces an additional cost for the intra-community good.

The essential teaching criterion: the payment is problematic when it behaves like a "border cost". Conversely, there are payments that may be compatible if:

- are the equivalent of a real, individualizable service, actually provided;
- are proportional to the cost of the service;
- they are not discriminatory.

In analyzing a case, students can quickly test: „would the payment also exist if the good were produced and marketed domestically, at the same stage?" If not, a strong signal of incompatibility appears.

(B) Quantitative restrictions: bans, quotas, restrictive licensing

Quantitative restrictions(import/export) are „volume" barriers: they effectively cap or block the quantity of goods. They include:

- total bans (e.g.: „do not import X");
- quotas (e.g.: „X is imported only up to Y units/year");

- licensing regimes which, although apparently administrative, can become restrictive if they are numerically limited, granted discretionarily, slow or opaque.

In practice, the „license" may be a disguised quantitative restriction if the procedure:

- has no verifiable criteria,
- allows unmotivated refusals,
- it lasts so long that the good loses its commercial window (season, contract, term).

(C) Measures with equivalent effect: the modern core of barriers

In today's economy, the most common obstacles are measures with equivalent effect: national rules that do not prohibit importation, but make it more difficult, more expensive or more risky. Typically, we are talking about:

- additional technical or compliance requirements,
- repeated local re-testing or certifications,
- parallel national standards,
- special labeling/packaging requirements,
- complex administrative procedures for placing on the market.

Useful distinction: product rules vs. sales rules

1. Product rules: affects the product characteristics (composition, dimensions, performance, labeling, packaging). They are usually more restrictive because they force the manufacturer to create "national variants". Mini-case: biscuits legally sold in State A; State B requires a specific label format which requires complete redesign of the packaging and separate batches → costs and fragmentation.

2. Sales/marketing rules: they look at how it is sold (advertising, online sales, shelf presentation, program). They appear "neutral", but they can affect imports asymmetrically, for example if they restrict the channel through which cross-border operators usually enter (online). *Mini-case*: the ban on some forms of advertising disproportionately hits new products on the market (often imported) that depend on information to compete with local brands.

(D) The barrier as an „administrative" phenomenon, not just a „legal" one

A key point is that barriers are not only „in law", but also in practice: delays, repeated requests for documents, redundant duplicated controls,

lack of deadlines. The Commission's reporting on the Single Market published in 2025 explicitly notes the persistence of barriers and uses „barrier tracker" tools, precisely to capture the daily fragmentation.

5.3. The regime of derogations and justifications: Article 36 TFEU, overriding requirements of general interest and the application of the proportionality test.

The identification of a barrier does not close the analysis. EU law is not „absolutist": it accepts that certain restrictions may be legitimate. But acceptance is strictly conditional, to prevent the „public interest" from becoming a pretext for protectionism.

(A) Art. 36 TFEU: explicit grounds of justification

Art. 36 TFEU allows restrictions for reasons such as: public policy, public security, protection of health and life of humans/animals/plants, public morality, protection of national heritage, protection of industrial and commercial property. The essential thing is that these reasons:

- does not legitimize any measure;
- do not allow arbitrary discrimination;
- do not allow „disguised restrictions" on trade.

Health protectionis the most frequently invoked, but also the most „tested": the authority must show why there is a real risk and why less restrictive mechanisms (labeling, warning, market surveillance) are not sufficient.

(B) Imperative requirements: general interests developed in case law

For formally non-discriminatory measures, case law has also recognized other interests: consumer protection, fairness of transactions, environmental protection, efficiency of tax controls, etc. The idea is realistic: modern governance has objectives that go beyond the classic list, but these objectives must:

- demonstrated,
- applied coherently,
- translated into proportional measures.

Mini-case: the state invokes „consumer protection" to ban a name legally used in another state. The court will check: is the consumer really misled or was a clarification on the label sufficient?

(C) Proportionality test: the central control tool

Proportionality is the "core" of justifications. It operates in three steps:

1. FITNESS: does the measure really contribute to the goal?

2. need: is it indispensable or are there gentler options?

3. The less restrictive alternative: are there solutions that protect the purpose just as well, with less impact on trade?

In real cases, the conflict usually moves to steps 2 and 3. Total bans are difficult to justify if there is labeling, limits, targeted controls, or market surveillance.

(D) Burden of proof and coherence: "it is not enough to plead"

An element that is worth teaching explicitly: the state must prove, not just assert. If it invokes health, it must have assessments, data, risk logic; if it invokes public morality, it must be consistent; if it invokes the environment, it must show why it cannot achieve the objective through non-discriminatory instruments or common standards.

The Commission's report published in 2025 notes that reducing fragmentation and barriers is a fundamental concern, including through the enforcement and legislative compliance component (e.g. indicators such as „conformity deficit").

5.4. Legislative harmonization and the principle of mutual recognition: mechanisms of legal integration, enforcement and jurisdictional remedies.

This sub-topic explains „how to fix" the internal market: either preventively (harmonization), through legal trust (mutual recognition), or through enforcement mechanisms when bottlenecks arise.

(A) Harmonisation: when the EU sets common standards

Harmonization reduces barriers before they arise. In harmonized sectors:

- **Regulations** applies directly and evenly;
- **Directives** they impose results, but require transposition (and imperfect transposition can generate fragmentation).

In the Commission document published in 2025, the „conformity deficit" (the share of incorrectly transposed Single Market directives for which infringements were opened) is reported at 0.9% (2024), above the EU target of <0.5%. For the course, this is an excellent indicator: it shows

why „paper" harmonisation is not enough without correct transposition.

The same report also indicates that non-food products covered by harmonisation legislation represent approximately two-thirds of intra-EU trade in goods, and market surveillance is seen as a key tool to prevent non-compliant products that undermine free movement.

(B) Mutual recognition: acceptance of a product legally marketed in another state

Mutual recognition works as an "implicit rule": if the product is legally manufactured and marketed in State A, it must be accepted in State B, unless State B proves a valid and proportionate justification. In teaching, it is worth insisting that mutual recognition:

- does not mean „without control";
- means „justified and targeted control", not redundant procedures.

(C) Enforcement and remedies: from national courts to infringement

When barriers arise, operators have several options:

1. National courts: the fastest remedy in practice (suspension, annulment of administrative act, recognition of the right to trade, sometimes compensation).

2. Preliminary reference: when clarification is needed from the CJEU (e.g. what is a „measure with equivalent effect", how proportionality is applied).

3. Complaint to the Commission + infringement: useful when the problem is structural (national law, repeated practice).

4. Scoreboard/enforcement mechanisms: for monitoring and institutional pressure.

The Commission's report published in 2025 explicitly mentions a 6% decrease in pending Single Market infringement cases in one year and the fact that the sectors with the most such cases include environment, transport and energy. For practical completion, the „Single Market Scoreboard" also provides a tabulation of infringement cases at state and sector level, updated on 1 December 2025.

Table 5.1 Barriers, justifications and tools for "repairing" the goods market

compound	Key analysis question	Typical examples	Legal standard (logic)	Application tools/ remedies	Statistical benchmarks/ indicators (latest public values)
Customs duties/ charges with equivalent effect	Is there a cost imposed for crossing the internal border?	"registration fee" per imported batch; "control fee" only upon import	Strict prohibition; the effect matters, not the name	National courts; complaint to the Commission; infringement	Intra-EU trade in goods (exports): €4,025 billion (2024)
Quantitative restrictions	Is the volume of import/export limited?	quotas; limited licenses; prohibitions	Prohibition; license becomes a barrier if it is opaque/discretionary	Courts; infringement	Goods market integration: 23.8% of GDP (2023)
Measures with equivalent effect (MEQR)	Does it hinder market access (directly/ indirectly/ potentially)?	local re-testing; national labeling; parallel technical standard	Analysis on effect + (if there is an obstacle) justification + proportionality	Courts; preliminary reference; infringement	Harmonized non-food products ≈ 2/3 of intra-EU trade in goods
Justifications (art. 36 + imperative requirements)	Is the aim legitimate and proven? Is the measure proportionate?	health, safety, environment, consumer protection	Test: adequacy – necessity – less restrictive alternatives	Judicial review; obligation to state reasons	"Conformity deficit": 0.9% (2024) (above target <0.5%)
Harmonization + mutual recognition	Are we in a harmonized field? Is the product legal on the market of another state?	CE marking; recognition of conformity documentation	In harmonisation: EU standard applies; in non-harmonised: presumption of acceptance + strictly controlled exceptions	Market surveillance; courts; administrative cooperation	Single Market infringement cases: -6% pending in one year (2025 reporting)

The table summarises a central idea for understanding the free movement of goods: the internal market is kept functional by a combination of "hard" prohibitions and "soft" balancing mechanisms. Hard prohibitions (internal customs duties, quantitative restrictions) operate almost automatically, precisely because their economic effect is obvious and incompatible with the customs union. In contrast, the contemporary core of litigation is dominated by measures with equivalent effect, that is to say, "administrative" and "regulatory" barriers that do not formally block imports, but make them more difficult. This is where the determining role of justifications and the proportionality test comes in: EU law does not eliminate health, environmental or consumer protection, but rather makes it conditional on proof, coherence and the choice of the least restrictive option capable of achieving the aim. Recent indicators published in 2025 show why this architecture remains relevant: the integration of intra-EU trade remains high (share of cross-border trade in goods in GDP, respectively absolute values of intra-EU trade), but implementation difficulties persist, visible through the „conformity deficit" and the continuous need for enforcement (infringement).

The free movement of goods is one of the most solid mechanisms by which the European Union transforms economic integration into a functional legal reality. The theme highlighted that the internal market is not built only by eliminating customs duties and quantitative restrictions, but especially by controlling modern barriers – administrative measures, technical requirements, marketing rules – which can fragment the market even when they are not explicitly protectionist in nature. In this sense, EU law operates with a double logic: it firmly prohibits "border" obstacles and, at the same time, subjects national measures with a restrictive effect to a rigorous analysis regarding market access.

At the same time, the topic showed that free movement does not mean neutralizing the public interests of the Member States. On the contrary, EU law recognizes legitimate justifications (Art. 36 TFEU and imperative requirements of general interest), but strictly conditions them through requirements of proof, coherence, non-discrimination and – above all – through the proportionality test. Thus, the protection of health, the environment or consumers remains possible, but must be achieved through

appropriate and necessary measures, avoiding excessive solutions or less restrictive alternatives ignored for administrative convenience.

Finally, the general conclusion is that the internal market operates through a coherent set of instruments: harmonisation (which reduces differences before they become barriers), mutual recognition (which transforms trust between states into a market access rule) and enforcement and remedy mechanisms (national courts, preliminary rulings, infringement), which ensure the practical efficiency of the rules. Through this architecture, EU law not only proclaims the freedom of intra-Community trade, but also creates the conditions for it to be real, verifiable and predictable, thus strengthening both economic competitiveness and the legal trust necessary for the functioning of the Union.

Review problems

- Show the link between the internal market and the free movement of goods and explain why the removal of trade barriers produces effects both at the economic level (competition, efficiency, integration) and at the legal level (regulatory uniformity, legal certainty).
- Formulate the definition of the notion of „goods" in European Union law and argue, through concrete examples, which categories of goods are included in this notion, highlighting the relevance of the qualification for the application of the rules on free movement.
- Examine the distinction between customs duties and charges having equivalent effect, specifying the determining criterion used to assess whether a pecuniary charge is incompatible with the free movement of goods regime.
- Define quantitative restrictions and demonstrate, through a practical example, how an authorization, licensing system or administrative procedure can, in fact, produce an effect similar to a quantitative limitation on trade.
- Clarify the concept of „measure having equivalent effect" and argue why this legal category is of particular importance in the current context of the EU's integrated economy.
- Compare product rules with rules on marketing arrangements, indicating situations where an apparently neutral sales rule may have a disproportionate impact on products from other Member States.

- Present the framework of justifications allowed for restricting free movement, including the express reasons provided for in Article 36 TFEU and the imperative requirements of general interest, underlining the strict limits and conditions of their application.
- Apply the proportionality test (appropriateness, necessity, existence of less restrictive alternatives) in a structured manner in a hypothetical situation in which a state prohibits the marketing of a product citing consumer protection.
- Analyze the role of legislative harmonisation at EU level and the principle of mutual recognition, explaining how these mechanisms contribute to the elimination of barriers and discussing possible tensions that may arise in relation to the objective of consumer protection.
- Identify and describe the main enforcement and redress mechanisms in the field of free movement of goods (actions before national courts, preliminary reference, complaints to the Commission, infringement procedure) and argue in which practical contexts the use of each is appropriate.

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UNIT VI: FREE MOVEMENT OF PERSONS AND EUROPEAN CITIZENSHIP

6.1. Legal foundations and scope of free movement of persons in the European Union
6.2. The right to free movement and residence in the European Union: conditions, limits and legal guarantees
6.3. Worker's status in European Union law: rights, equal treatment and coordination of social security systems
6.4. European Union Citizenship and the Protection of Rights in the Context of Cross-Border Mobility

The purpose of the topic:consists of clarifying, in an accessible and practically oriented manner, the mechanisms by which the free movement of persons operates within the European Union and the way in which it is reinforced by the status of Union citizen. The aim is for students to understand both the economic basis of mobility in the context of the internal market and the legal and social dimension of the protection of the mobile person, including the right of entry and residence, the principle of equal treatment, the protection of family life, the coordination of social security systems and the legitimate limits of the intervention of the authorities of the Member States.

Theme objectives: After studying this topic, students should be able to:

- to argue the importance of the free movement of persons in the structure of the internal market and to highlight its connection with the status of citizen of the European Union;
- identify and differentiate the main categories of holders of the right to mobility (workers, self-employed persons, service providers and recipients, students, pensioners, inactive persons), explaining the legal basis and justification for the distinct regimes applicable;
- present and explain the fundamental conditions regarding the right of entry and the right of residence, both short-term and long-term, including the mechanism for acquiring the right of permanent residence;

- to examine the rights recognised to family members and to analyse the role of derived rights in ensuring the effective exercise of freedom of movement;
- to use the principle of equal treatment and non-discrimination on the basis of nationality in the analysis of concrete situations relating to access to the labor market and working conditions;
- explain the principles of coordination of social security systems in the Union, highlighting the function of aggregation of periods, avoiding double contribution and ensuring continuity of social protection;
- to analyze the conditions and limits under which the rights of movement and residence may be restricted for reasons of public order, public security or public health, applying the criterion of proportionality and respect for procedural guarantees.

6.1. Legal foundations and scope of the free movement of persons in the European Union.

The free movement of persons is, in reality, one of the areas in which European Union law becomes most visible in everyday life. While the free movement of goods may remain, for some, a rather economic discussion, the mobility of persons changes biographies: people going to study, families reuniting, professionals accepting a job in another state, entrepreneurs starting a business, pensioners choosing a place to live. This is precisely why this chapter is not limited to an enumeration of rights, but seeks to explain a fine balance: on the one hand, the Union facilitates mobility as a central element of the internal market and EU citizenship; on the other hand, Member States retain sensitive competences and organise their own administrative and social systems.

Understanding the topic therefore requires a double perspective: legal (what are the rights, conditions, limits and guarantees) and practical (how do concrete situations arise and what legal questions arise from them).

This dual perspective is essential because the free movement of persons does not operate in the abstract, but in the context of different national systems, with distinct administrative traditions, varying levels of social protection and different perceptions of the risks associated with mobility. Union law attempts to create a common language of mobility, but its concrete application depends on the daily interaction between the citizen and the administration.

The free movement of people starts from the logic of the internal market: an integrated economy does not work if people remain „blocked" within national borders. In a common market, companies look for employees, projects develop in cross-border partnerships, services are provided in other states, and investments move to where there are opportunities. From this perspective, the mobility of people is a condition of economic efficiency, comparable to the elimination of customs duties or the opening of services markets.

However, as European integration has evolved, the freedom of movement of persons has acquired an identity and political dimension. It is no longer just a market instrument, but a constitutive element of the status of European citizen. This transformation has been made possible by the development of the case law of the Court of Justice of the European Union, which has interpreted the provisions of the Treaties in an evolutionary manner, emphasizing the effective protection of individual rights.

In practice, this development has meant that mobility cannot be emptied of its content by excessive administrative formalities or restrictive interpretations. Member States must ensure not only the formal recognition of the right to movement, but also its effective exercise.

Another aspect worth highlighting is the relationship between mobility and social integration. Freedom of movement does not only imply physical movement, but also the real possibility of integration into the host community. Access to education, health services, the labor market, effective jurisdictional protection are elements without which mobility would remain superficial.

At the same time, it must be acknowledged that mobility can generate social and political tensions. Differences in social protection systems, perceptions of competition on the labour market or fears of „social tourism" have fuelled intense debates in the European space. EU law attempts to respond to these concerns through balancing mechanisms: conditioning residence in certain situations, the possibility of justified restrictions, proportionality control.

Thus, the foundations of the free movement of persons must be understood as a legal architecture built on three pillars:

- economic integration;
- citizenship of the Union;

- protection of fundamental rights.

Only by combining these three dimensions does mobility become a real and sustainable freedom.

6.2. The right to free movement and residence in the European Union: conditions, limits and legal guarantees.

The 3-month stay regime is designed as the basic level of mobility: simple, fast and without excessive formalities. The EU citizen should be able to enter another Member State with a valid identity document and stay for a short period without being pushed into a complex bureaucratic procedure.

In practice, this regime covers very common situations: visits, tourism, participation in conferences, job search, business meetings, short internships, courses or temporary training. It is important to understand that, at this stage, EU law does not usually require elaborate economic conditions. The state can check identity, take reasonable security measures, sanction abuse, but it cannot turn a short stay into a marathon of paperwork.

This simplicity is not accidental. It reflects the idea that initial mobility should be easy, to allow for contact, exploration of opportunities and making an informed decision about eventual settlement. If the person were faced with excessive demands from the very first days, mobility would be discouraged even before it had any economic or social effects.

A typical problem arises when authorities confuse short-term and long-term stays. For example, a person comes to attend job interviews and is immediately asked for proof of long-term resources or an already signed employment contract. Such a requirement is not only unrealistic, but risks detracting from the very purpose of mobility: looking for a job presupposes that the person does not yet have a contract. In such situations, the legal analysis must return to the principle of proportionality: is the requirement appropriate to the purpose? is it necessary? is there a less restrictive alternative?

After 3 months, the stay becomes more stable and EU law introduces conditions that reflect a balance between mobility and the sustainability of national systems. For workers and self-employed persons, the main criterion is the existence of economic activity. For students and inactive persons, typical conditions are sufficient resources and health insurance

so that the person does not become an unreasonable burden on the social assistance system of the host state.

It is essential to note that the notion of „unreasonable burden" cannot be interpreted automatically or abstractly. EU law does not allow an assessment based solely on presumptions. The authority must analyse the concrete situation: the duration of the stay, the level of resources, the person's behaviour, their integration. An occasional request for social support does not automatically equate to the loss of the right to stay. This is where the idea of balance comes in: mobility is not conditional on absolute self-sufficiency, but neither can it ignore the impact on national systems.

In practice, life does not respect the categories perfectly. Transitional situations arise that put pressure on interpretation. A common example: a worker loses his job after a few months, but remains in the host state to look for another job. The question is not only whether the person is "still a worker", but whether he has a reasonable right of residence during this search period and what conditions may apply. If the right were to be interpreted rigidly, mobility would become fragile: any fluctuation would force the person to leave immediately, although the labour market works precisely through mobility and transitions.

That is why EU law recognises the maintenance of worker status under certain conditions, including during periods of involuntary unemployment. This legal solution has a practical rationale: it protects the continuity of integration and avoids mobility becoming a precarious experiment.

Another scenario: a student comes to study, has insurance and sufficient resources, but along the way also starts a part-time job. The regime becomes mixed: the person remains a student, but also acquires elements of economic integration. In these cases, a strictly formal approach would fragment reality. A coherent interpretation, on the other hand, recognizes that mobility is a dynamic process, and legal status can evolve.

Permanent residence marks the threshold of legal stability. After a period of legal and continuous residence, the person acquires a more solid right of residence, which is no longer dependent in the same way on initial conditions (work, resources, insurance). This stability has a profound social meaning: after years of living in a state, ties become real, and the law recognizes this integration.

The effects are significant. First, the person no longer lives under the

constant pressure of proving the conditions of residence. Second, protection against expulsion becomes stronger, because the removal of an integrated person has a much more serious impact: it can break up a family, interrupt the education of children, destroy a professional career. Third, permanent residence contributes to a more substantial equality of treatment: the person becomes part of the community, not just a tolerated „visitor".

Mobility only becomes realistic when the person can live their family life under normal conditions. EU law therefore recognises derived rights for family members of an EU citizen who moves to or settles in another Member State. In practice, these rights cover the entry and residence of family members, access to residence documents and, under certain conditions, access to the labour market.

The real situations are diverse and often complex. A typical scenario: an EU citizen moves for work and his or her spouse accompanies him or her. If the family member is from a third country, administrative questions arise regarding visas, necessary documents, processing times and possible delays. In such situations, EU law imposes an obligation on the administration to facilitate the procedure and avoid unjustified obstacles.

More sensitive are cases where the family relationship changes – divorce, separation, death. EU law provides mechanisms through which, under certain conditions, the right of residence can be maintained for the family member, precisely to prevent the automatic vulnerability of the person who has already built ties in the host state. The best interests of the child become, in such situations, an essential criterion.

Thus, the right of residence is not just a technical matter of administrative registration. It is the foundation of legal stability in mobility and the condition through which freedom of movement becomes a sustainable reality.

6.3. Worker status in European Union law: rights, equal treatment and coordination of social security systems.

The notion of worker in EU law is functional: what matters is the existence of a real and effective, remunerated activity. The law does not aim at the perfection of the contract, but at the economic reality. This approach has a protective effect: it prevents the exclusion of people who work part-time, seasonally, in atypical but nevertheless real forms.

This functional interpretation is essential because the contemporary

labor market is diverse and flexible. Temporary contracts, seasonal work, part-time work or the accumulation of several activities are common economic realities. If the law were to condition the status of worker on a rigid employment model, mobility would become selective and unequal. Therefore, the legal analysis focuses on the existence of an effective activity and the real nature of the performance, not on the formal label of the contractual relationship.

The principle of non-discrimination is fundamental here. A national of a Member State working in another Member State must be treated equally with nationals of the host State as regards access to employment and working conditions. Discrimination can be direct, when a rule explicitly excludes foreigners, but it can also be indirect, when an apparently neutral requirement affects nationals of other States disproportionately.

A realistic example of indirect discrimination: an authority or employer requires some proof of long-term residence before employment, even though it is not required for the job. For local citizens, the condition is easy to meet; for mobile ones, it becomes a barrier. In such situations, the legal analysis focuses on justification and proportionality: is there an objective reason? is the condition necessary for the job in question? are there less restrictive alternatives?

The free movement of workers does not stop at the moment of employment. It also implies equal treatment during the employment relationship: salary, schedule, leave, protection at work, access to professional training, benefits associated with worker status. In practice, equality does not mean absolute identity, but the prohibition of arbitrary differentiation on the basis of nationality.

A frequently occurring issue is access to social advantages linked to the integration of the worker: certain benefits, facilities, child support, conditions of access to public services. EU law tries to avoid the situation where the mobile worker contributes through work and taxes but remains, socially, in a lower category. If the person participates in the labour market and contributes to public systems, the differential treatment becomes difficult to justify.

The recognition of qualifications is essential for professional mobility. Without proper recognition, the internal market would function with invisible barriers: diplomas and skills would not be „portable". Beyond the rules,

typical life situations arise: a teacher, an engineer or a health professional moves to another Member State and discovers that the recognition procedure is slow, confusing or excessive. In such cases, the legal question becomes one of balance: the state can protect professional standards and public safety, but it cannot use the procedure as an instrument of protectionism.

Another important aspect is the protection of workers in vulnerable situations. Mobility must not lead to exploitation or the acceptance of inferior conditions because of the status of „foreigner". EU law prohibits differentiation in terms of working conditions and pay and requires compliance with the minimum standards applicable in the host country. In this way, free movement does not become an instrument of unfair social competition, but a mechanism for fair integration.

The EU does not unify social security systems, but coordinates them. This difference is important: each state keeps its own system, its own contributions and benefits, but coordination ensures that mobility does not break the continuity of rights.

Aggregation of periods is one of the most intuitive ideas: if a person has worked in several states, the periods can be counted together to meet the conditions for access to benefits. Without this mechanism, mobility would be penalized: the person would be forced to choose a single state, otherwise they risk not meeting the thresholds anywhere.

Exporting benefits is another practical aspect: under certain conditions, benefits do not remain „captured" in a single state and the person can benefit from continuity. Similarly, rules on health insurance in mobility are decisive for trust: people are more likely to accept moving if they do not fear that a medical situation could leave them without protection.

A typical scenario: a worker works for a few years in State A, then moves to State B. When a health problem or need for benefits arises, the person wonders whether the period in State A "counts". Coordination responds precisely to this legal anxiety: mobility should not mean loss of rights.

Workers' mobility often affects the family: the child goes to school, the parents work in different states, the family lives in one state and the economic activity is in another. In such situations, questions arise about family benefits, allowances, access to services, but also about coordination rules when two states might claim jurisdiction.

From the perspective of the manual, the general idea is important:

coordination tries to prevent both protection gaps (when no one considers themselves competent) and arbitrary overlaps. In practice, administrations need to cooperate, and the person needs clarity: where to file the application, what documents are relevant, how long the procedure takes. Often, the conflict is not one of "non-existent rights", but one of procedure and communication between institutions.

In addition, social security coordination helps to strengthen confidence in mobility. Without the certainty that acquired rights will not be lost, the decision to work in another state would be much more difficult. Thus, coordinated social protection becomes an essential element of the internal market, even if it is not always perceived as such.

6.4. European Union citizenship and the protection of rights in the context of cross-border mobility.

EU citizenship complements national citizenship and is acquired by being a citizen of a Member State. It does not replace national identity, but creates an additional legal status, which becomes particularly important in cross-border contexts. In a textbook-friendly formulation, EU citizenship can be presented as an "anchor" of rights: freedom of movement and residence, equal treatment under established conditions, access to instruments of participation and protection.

In practice, EU citizenship becomes visible when a person leaves their home state and interacts with the administration of another Member State. At that point, the distinction between "foreigner" and "Union citizen" becomes legally relevant. The status of EU citizen provides a basis for claiming non-discriminatory treatment and for challenging measures that would make mobility an expected experience.

EU citizenship is not limited to mobility. It also includes tools through which citizens can interact with the Union institutions. The right to petition the European Parliament, the possibility of contacting the European Ombudsman and the European Citizens' Initiative are not just formal mechanisms, but expressions of the participatory dimension of European integration. They reinforce the idea that citizens are not only beneficiaries of the internal market, but also active subjects of European construction.

For example, if a mobile citizen considers that a European institution or an EU agency has mishandled a procedure that directly concerns him,

he can complain to the European Ombudsman about maladministration. In this way, EU citizenship acquires an institutional dimension and the protection of rights is not limited to national courts.

The political rights associated with EU citizenship express the idea of democratic integration. If a person lives in another Member State, they have the right to vote and stand as a candidate in local elections in their state of residence, as well as to participate in elections to the European Parliament. These rights reflect the fact that mobility should not produce a category of residents without political representation.

From a practical perspective, these rights contribute to social integration. Participating in the life of the local community means assuming civic responsibilities and being involved in decisions that affect daily life. Thus, EU citizenship complements economic mobility with a democratic dimension.

The protection of rights in mobility is closely linked to the general principles of EU law and the Charter of Fundamental Rights. Family life, the right to effective judicial protection, the principle of non-discrimination and the right to good administration become relevant whenever an authority adopts a decision affecting the status of a mobile person.

Restrictions are possible under strict conditions, in particular for reasons of public order, public security and public health. However, these reasons cannot be invoked automatically or in the abstract. They must be interpreted in the light of the principle of proportionality and the need for an individual assessment.

For example, a person who has lived in a Member State for several years, has a family and is professionally integrated cannot be treated in the same way as a person on a short stay. The duration of the stay, the family ties, the degree of integration and the social impact of the measure must be analysed in a concrete way. A removal decision has consequences that go beyond the administrative sphere and can profoundly affect private and family life.

The procedure is essential. The decision must be clearly reasoned, communicated in an intelligible manner and accompanied by information on the available remedies. Access to effective judicial review is a condition of the rule of law in the context of mobility. Without a real possibility of challenge, freedom of movement would become vulnerable to discretionary interpretations.

Another important element is the protection against indirect discrimination in the exercise of the rights associated with EU citizenship. Sometimes apparently neutral measures can disproportionately affect mobile people. The legal analysis must go beyond the formal appearance and assess the concrete effect of the measure.

Finally, EU citizenship reinforces the idea that mobility is an integral part of European legal identity. It does not replace national citizenship, but complements it with a set of cross-border guarantees. By combining freedom of movement, equal treatment, political participation and jurisdictional protection, EU citizenship transforms mobility from a simple economic instrument into a complex legal status.

The free movement of persons is one of the most complex and, at the same time, most concrete achievements of European integration. It is not just an economic freedom enshrined in the treaties, but a legal mechanism that directly influences the lives of individuals, the structure of families and the functioning of the internal market. Beyond normative formulations, the mobility of persons reflects the capacity of the European Union to transform abstract principles into everyday realities.

The analysis of this chapter has highlighted that free movement is based on a delicate balance. On the one hand, it is indispensable for the functioning of the internal market: labour mobility, the portability of skills and the possibility of establishing oneself in another Member State contribute to economic efficiency and the optimal allocation of resources. On the other hand, mobility involves interaction with different national systems, each with its own social, fiscal and administrative rules. EU law does not abolish these systems, but coordinates them and limits them where necessary to protect individual rights.

The right of residence, in its various forms – temporary, conditional or permanent – represents the legal infrastructure of mobility. Without a clear framework on entry, residence and integration, freedom of movement would remain formal. By setting proportionate conditions and strengthening permanent residence, EU law recognises that mobility is a process, not an isolated act.

Workers' rights and social security coordination demonstrate that economic integration cannot work without social protection. Mobility must not lead to the loss of acquired rights or vulnerability. Aggregation of

insurance periods, export of benefits and the principle of equal treatment create a framework of trust, without which the internal market would be fragmented by legal uncertainty.

Citizenship of the European Union adds an additional dimension: mobility is not just an economic instrument, but a right associated with a common legal status. Through freedom of movement, political participation and effective judicial protection, EU citizenship reinforces the idea of a community of law. It transforms the mobile person from a simple „beneficiary" of the market into a subject of law protected by fundamental guarantees.

At the same time, freedom of movement is not absolute. The possibility of restrictions for reasons of public order, security or public health shows that mobility operates within a framework of responsibility and proportionality. The essential difference is that these restrictions are subject to legal control and must respect the principles of the rule of law.

In conclusion, the free movement of persons represents a space of intersection between economy, law and European identity. It is the expression of the maturity of the European construction: a freedom that presupposes mutual trust between Member States and effective protection for the individual. Only by maintaining this balance between mobility and guarantees, between integration and responsibility, can freedom of movement remain one of the defining values of the European Union.

Review problems

- Argue why the free movement of persons is qualified as a „structural" freedom of the internal market and not just a subjective individual right.
- Identify the main categories of holders of the right of residence (workers, self-employed persons, students, inactive persons) and analyze the legal basis and rationale for differentiating the regime applicable to each.
- Specify the content of the right of entry and stay of up to 3 months and assess what are the permissible limits of administrative intervention at this stage of mobility.
- Examine the regime of stay for a period longer than 3 months for students and inactive persons: what is the justification for introducing conditions regarding sufficient resources and medical insurance?

- Define the concept of permanent residence in European Union law and explain the legal effects it produces in the relationship between the mobile person and the host Member State.
- Explain the concept of derived rights granted to family members and analyse why they constitute an indispensable condition for the effective exercise of freedom of movement.
- Clarify the autonomous meaning of the notion of „worker" in EU law and discuss why the criterion of „real and effective" activity is decisive in qualifying this status.
- Illustrate the difference between direct discrimination and indirect discrimination based on nationality in the matter of access to the labor market.
- Explain the basic principles of the coordination of social security systems in the Union and explain what dysfunctions are prevented by totalizing insurance periods and avoiding double contributions.
- Analyze the conditions under which a Member State may limit the right of residence for reasons of public policy, public security or public health and evaluate the role of the principle of proportionality in this matter.

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UNIT VII. AUTHORITY OF EU LAW.

7.1. The authority of European Union law and the foundation of an autonomous and supranational legal order
7.2. The principle of supremacy and the direct effect of EU law: conditions of application, doctrinal limits and implications in the national legal order
7.3. Ensuring the effectiveness of Union law: consistent interpretation, removal of the application of incompatible domestic rules and guarantees of judicial protection
7.4. State liability for violations of European Union law and institutional mechanisms for control and compliance

The purpose of the topic:is to clarify how European Union law asserts and maintains its authority within the legal order of the Member States. This authority is manifested through the principle of supremacy and direct effect, through the mechanisms that ensure the effectiveness of application (conforming interpretation, non-application of incompatible domestic rules and guaranteeing effective judicial protection), as well as through the accountability and control instruments designed to prevent non-compliance, correct infringements and protect the rights conferred by EU law.

Theme objectives: After studying the topic, students will be able to:

- define the notion of „authority of EU law" and explain the rationale for the existence of an autonomous legal order of the European Union;
- distinguishes between supremacy, direct effect and direct applicability, specifying the operating conditions and their effects in domestic law;
- examine a conflict between a national rule and a rule of EU law and justify the appropriate legal solution (conforming interpretation or non-application);
- explain the role of national courts in ensuring the effectiveness of EU law and indicate the situations in which a preliminary ruling is required;

- use the principles of effectiveness and equivalence to assess whether domestic procedural rules provide sufficient protection for rights conferred by EU law;
- describes the general conditions of state liability for breaches of EU law, identifying common types of damages and causation requirements;
- present the institutional mechanisms for ensuring compliance (infringement, jurisdictional control, sanctions for non-compliance) and their functional logic;
- formulate reasoned legal solutions for practical mini-situations regarding the application of EU law in relation to citizens, companies and public administration.

7.1. The authority of European Union law and the foundation of an autonomous and supranational legal order.

The authority of European Union law expresses the idea that European norms do not represent simple political guidelines, nor general commitments without legal consequences, but binding rules, capable of producing stable, predictable and binding effects in the legal order of the Member States. In a general sense, the „authority" of a norm refers to its capacity to be respected and applied legitimately, including in situations where its application runs counter to administrative preferences or immediate domestic interests.

In the context of the European Union, the authority of law has a structural peculiarity: it operates in a space formed by several sovereign states, with different constitutional traditions and legal systems, without the Union being a state in the classical sense. It follows that the authority of EU law should not be understood as the product of a unilateral "power" of the European institutions, but as the effect of a legal arrangement established by treaties, accepted by the states and supported by mechanisms of application, control and cooperation.

The logic of an autonomous legal order derives from the very nature of the European project: the Union was not conceived simply as a coordination forum, but as a governance structure through common rules, in areas such as the internal market, competition, consumer protection, the environment, trade, judicial cooperation or other Union policies. If common rules

depended entirely on the fluctuating will of each state, integration would be fragile and would produce uneven results. A mini-situation to clarify: a company operating across borders needs to rely on the fact that rules on market access, product recognition or non-discriminatory treatment cannot be arbitrarily modified from one moment to the next by an internal political choice. From this perspective, the authority of EU law functions as a guarantee of legal stability for citizens, businesses and institutions.

The autonomous character of the European legal order implies the existence of its own sources of EU law, its own institutions for adoption and interpretation, as well as its own mechanisms for application - distinct from classical international law.

In international law, obligations are assumed mainly between states, and individuals do not automatically acquire enforceable rights. In EU law, however, rules can generate rights and obligations for individuals, and national courts are called upon to apply these rules in concrete disputes. A relevant mini-situation: a citizen is faced with an administrative restriction that appears to contravene a freedom guaranteed by EU law; instead of depending on interstate negotiations, he can invoke the European rule before a court, when the legal conditions allow it. The mere fact that this avenue exists confirms that EU law functions as the law of a legal community, not as a set of diplomatic promises.

For this order to be credible, its authority must be based on legitimacy, not just on efficiency. In the Union, legitimacy is built cumulatively: through the agreement of the states expressed in the treaties, through democratic representation (including the role of the European Parliament), through judicial control exercised by the Court of Justice of the EU and through continuous cooperation with national courts. In practical terms, this means that EU law is not imposed "from outside", but operates within an accepted, verifiable and contestable framework. A mini-situation: a Union act becomes binding not because "the EU decided so" in a discretionary manner, but because there is a legal basis in the treaties, an adoption procedure and the possibility of judicial control. It is precisely this structure that reduces arbitrariness and strengthens acceptance.

The authority of EU law is also manifested in the way it manages legal plurality. The EU has not replaced national law and does not completely standardize all areas; in many sectors, national law remains decisive, and

the Union acts only within the limits of the powers attributed to it. However, where the Union has competence and adopts binding rules, interaction with national law is inevitable, including in the form of tensions: the EU rule aims at a result, while the national rule maintains an old solution or a different administrative practice. A typical mini-situation is the transposition of a directive: the state adopts a domestic act, but the transposition is incomplete or ambiguous, and the beneficiaries cannot effectively capitalize on the rights pursued by the directive. At this point, the authority of EU law does not remain declarative, but produces legal pressure for correction - through judicial interpretation, through Commission intervention or through legislative adjustments.

A useful element for understanding authority is the distinction between formal validity and practical effectiveness. A rule may be valid and published, but inconsistently applied or difficult to invoke. EU law aims to reduce this distance through instruments that oblige national authorities to treat the European rule as a real benchmark: the obligation to transpose, loyal cooperation, preliminary reference and, in certain situations, state liability for infringement of EU law. A mini-situation: a person suffers damage due to the application of a domestic rule contrary to EU law; without correction mechanisms and remedies, the EU rule would remain symbolic. Authority becomes concrete precisely through the existence of means of challenge and legal consequences for non-compliance.

At the same time, the authority of EU law is not unlimited: it operates within the framework of the competences conferred by the Treaties and is governed by subsidiarity, proportionality and respect for the constitutional identity of the Member States. Therefore, authority should not be reduced to an idea of „domination", but understood as a form of effective legal coordination in a common area, in which States retain margins of appreciation but are obliged to respect standards such as non-discrimination, transparency and effective judicial protection when applying EU law.

In conclusion, the authority of EU law is linked to the idea of the Union as a „community of law": common rules, uniformly applied, subject to legal control and capable of producing effects for both states and individuals. Once this logic is understood, the next step is to analyze the instruments through which authority is operationally translated into domestic law: supremacy and direct effect.

7.2. The principle of supremacy and the direct effect of EU law: conditions of application, doctrinal limits and implications in the national legal order.

Supremacy and direct effect are, in practical terms, the two mechanisms by which the authority of EU law becomes perceptible in the administration, in the courts and in the legal relations between the state and individuals. They explain why EU law does not remain an "external" normativity, but penetrates the internal order and can determine the solution of a concrete dispute. At the same time, these principles are not abstract formulas, but legal instruments with well-defined requirements, limits and effects.

The supremacy of EU law means that, when a national rule conflicts with an applicable EU rule, the European rule must be applied with priority, and the incompatible domestic rule must be left unapplied in the specific case. This does not usually amount to the automatic annulment of the domestic rule; the national rule may formally remain in force until amended or repealed. However, the effect of supremacy is immediate: the administrative authority and the judge cannot invoke domestic law as justification for not enforcing EU law. A typical mini-situation: if an administrative measure imposes a condition that unduly restricts an internal market freedom, the authority cannot take refuge in the formula „so our law provides"; it must treat the EU rule as a priority benchmark in order to avoid legal fragmentation of the internal market.

The operating conditions of supremacy presuppose, above all, the existence of a relevant EU norm applicable to the area under analysis. Not every internal situation falls under EU law, and supremacy does not arise outside the competences of the Union. Therefore, in practical analysis, the first step is to identify the basis: treaties, regulations, transposed directives, general principles or relevant case law. Only after establishing applicability can one discuss conflict and priority.

The limits of supremacy are often discussed in relation to constitutional identity and the role of national constitutions. From the functional perspective of EU law, uniform application would be impossible if states could block European rules by invoking superior domestic rules. In reality, the European and national orders coexist, and the dialogue between them can generate tensions. However, for the resolution of cases, suprem-

acy remains an operational rule: the court seeks a solution compatible with EU law, first by interpretation, and if this is not possible, by disapplying the contrary domestic rule.

Direct effect complements supremacy by the idea that certain rules of EU law do not only oblige states, but also confer rights on individuals, rights that can be invoked before national courts. From the point of view of legal protection, this is a decisive mechanism: it transforms EU law into an instrument accessible to the individual, not just a set of inter-institutional obligations. A simple mini-situation: a citizen considers that he has been denied a right guaranteed by EU law; instead of waiting for political corrections, he can invoke the EU rule before the court, requesting its application.

The classic conditions of direct effect concern the quality of the rule: it must be sufficiently clear, precise and unconditional to be applied by the court without further legislative intervention. For treaties, direct effect is common in certain areas; for regulations, it is often combined with direct applicability. In the case of directives, the situation is more nuanced, as they require transposition; however, under certain conditions, a directive that has not been transposed or has been incorrectly transposed may produce effects in favour of individuals, in particular against the State, reflecting the idea that the State cannot take advantage of its own failure to comply. A realistic mini-situation: the transposition deadline has expired and the State has not implemented a directive that confers a minimum right; if the provision is sufficiently clear, the individual may try to invoke it in litigation against a public authority.

A useful distinction, with didactic impact, is that between vertical direct effect (invoking the norm against the state) and horizontal direct effect (invoking it in relations between individuals). In practice, not all EU instruments produce horizontal effect in the same way, and this difference explains why sometimes the court cannot directly apply a directive in a dispute between two individuals, but can reach a compatible solution through conforming interpretation or by resorting to general principles.

The consequences of supremacy and direct effect are multiple: the administration is obliged to apply EU law even in imperfectly aligned domestic contexts; courts must verify the compatibility of rules and apply EU law as a priority when there is a conflict; and the national legislator is

under continuous pressure to harmonise, as incompatible rules generate litigation, costs and risks of convictions. In the long term, these principles reconfigure the understanding of legal sovereignty: the state remains sovereign, but exercises sovereignty within an accepted framework, in which certain areas are governed by common rules with operational priority.

After supremacy and direct effect, the practical question arises: how to ensure the application of EU law in situations where the conflict is not explicit, the EU norm is not directly invokable or the transposition is imperfect? The answer is provided by the mechanisms of effectiveness.

7.3. Ensuring the effectiveness of Union law: consistent interpretation, removal of the application of incompatible domestic rules and guarantees of jurisdictional protection.

If primacy and direct effect explain priority and reliance, effectiveness shows whether EU rules produce real results in legal practice. In reality, difficulties frequently arise in „grey areas": incomplete transpositions, ambiguous domestic rules, persistent administrative practices, doubts about the interpretation of the courts. In these contexts, effectiveness is built through three complementary instruments: conforming interpretation, non-application of the contrary domestic rule and effective judicial protection.

Conforming interpretation is usually the first tool used, as it allows for harmonisation without open conflict. The idea is that, when the national rule admits of several reasonable interpretations, the court must choose the interpretation compatible with EU law and its objectives. In practice, the court reads the national rule "in the light" of the transposed directive, the applicable regulation or the relevant EU principles. A mini-situation: a national rule recognises a procedural right, but does not clearly specify its applicability in a category of cases; if a directive imposes a minimum standard of protection for those cases, the court can interpret the national rule in such a way as to achieve the European objective.

Conform interpretation has limits: it cannot lead to an interpretation contra legem. The court cannot rewrite the domestic norm under the pretext of interpretation, if the text does not reasonably allow for that meaning. A mini-situation: if the domestic law explicitly limits a benefit to a strictly determined category, the court cannot arbitrarily extend

the benefit merely by interpretation. In such cases, effectiveness must be achieved either by not applying the incompatible domestic norm (if there is a conflict with an applicable EU norm), or by legislative amendment, or by remedies that compensate for the damage.

The non-application of the contrary domestic rule becomes necessary when the conflict is real and the compliant interpretation cannot eliminate the incompatibility. The court or authority must then leave the domestic rule unapplied in the specific case and apply the EU rule. Here we see the technical dimension of supremacy: not as a declaratory principle, but as a method of resolving normative conflicts. A mini-situation: an administrative practice imposes a condition that effectively blocks a right conferred by the EU; if there is no justification admitted by EU law, the court may decide not to apply the domestic provision that supports that condition.

Effective judicial protection is the element that makes it possible to exercise EU rights. It presupposes effective access to court, fair procedures, reasonable deadlines and costs, and adequate remedies. Without these guarantees, the EU rule could be formally valid but practically inaccessible. A mini-situation: excessively short deadlines, disproportionate court fees or ineffective remedies can make the exercise of EU rights "excessively difficult", which raises a question of procedural compliance.

In the analysis, two principles are central: effectiveness and equivalence. The principle of effectiveness requires that national procedures do not make the exercise of EU rights impossible or excessively difficult; the principle of equivalence requires that actions based on EU law are not treated less favourably than similar actions based on national law. For example, if national law allows the suspension of an administrative measure under certain conditions, but in cases based on EU law the court systematically refuses suspension without justification, problems of equivalence and effectiveness may arise.

Effectiveness is closely linked to the role of national courts as 'judges of EU law'. In many situations, the national court is the main guarantor of European rights. This role also includes the use of a preliminary reference to the CJEU when there are doubts about interpretation or questions of validity. A preliminary reference is a tool for cooperation: the national court requests clarification in order to avoid divergent interpretations and

to strengthen the unity of EU law. A mini-situation: courts in different countries interpret the same concept in a regulation differently; a preliminary reference allows the CJEU to establish the uniform meaning.

Overall, effectiveness works in stages: conforming interpretation is preferred; if this is not possible, the contrary domestic rule is disapplied; and in the background there must be real judicial protection. These mechanisms ensure the "useful effect" of EU law: the rule must produce results, not just exist.

This logic leads to the issue of liability: what happens when EU law is breached and how is compliance ensured?

7.4. State liability for violations of European Union law and institutional mechanisms for control and compliance.

After analyzing the instruments of authority and effectiveness, the question that gives credibility to any legal system becomes essential: what consequences arise when the rules are violated? In the European Union, the authority of law is not based exclusively on the good faith of the states, but also on mechanisms of responsibility and control that simultaneously aim to protect individuals and the common legal system.

State liability for breaches of EU law is a major instrument of effectiveness. It introduces an intuitive logic: if the State breaches a European obligation and, as a result, an individual suffers damage, the State may be obliged to make good that damage. This mechanism is particularly crucial in situations where the breach cannot be „remedied" immediately by merely interpreting or not applying the domestic rule, because the damage has already occurred: a contract has been lost, a right has been denied, an investment has been blocked or illegal sanctions have been applied.

State liability performs a compensatory function and a preventive-disciplinary function. Compensatory, because it repairs the damage; preventive, because it creates incentives for compliance: delaying the transposition of directives or the incorrect application of regulations can generate budgetary and reputational costs. A mini-situation: the state delays the transposition of a directive that confers guarantees on a category of persons; during the period of delay, those persons lose benefits. Even if the transposition occurs later, the damage from the previous period re-

mains, in principle, susceptible to compensation through liability.

The general conditions of liability are formulated in such a way as to strike a balance between protecting the individual and avoiding automatic liability. In operational terms, the scheme includes three elements: (1) the EU rule infringed must confer rights on individuals; (2) the breach must be sufficiently serious (manifest excess of the margin of appreciation or disregard of a clear obligation); (3) there must be a causal link between the breach and the damage. Mini-situations easily illustrate this structure: if the State fails to transpose a clear directive within the deadline and, as a result, the individual loses a specific right, the elements can be demonstrated by the duration of the failure to comply, the clarity of the obligation and the effect on the individual.

As a rule, state liability is asserted before national courts, within the framework of domestic procedures, in compliance with the principles of effectiveness and equivalence. This confirms the logic of the system: the Union does not replace national courts, but integrates them into the architecture of protection of European rights.

Beyond individual remedies, the Union has institutional mechanisms for compliance. The most important is the infringement procedure, through which the European Commission can take action against a state that does not comply with EU law. The logic is not punitive per se, but corrective: the aim is to eliminate non-compliance and protect the unity of the law. A mini-situation: a state systematically maintains a rule that restricts market access; even if some companies win individual disputes, the problem remains structural. Infringement allows for general correction, not just the resolution of isolated cases.

If the state does not comply, the CJEU may find an infringement and subsequently financial sanctions may be imposed for non-compliance. These sanctions have a pragmatic role: they increase the cost of non-compliance and protect the credibility of common rules. If a state could ignore the judgments without consequences, uniform application would be eroded. Preliminary reference contributes to compliance by clarification and uniformity, not by sanction. Divergent interpretations can produce non-compliance "through confusion", and judicial dialogue establishes common benchmarks. In many areas, compliance also depends on admin-

istrative capacity: procedures, resources, training. Where implementation requires infrastructure (e.g. controls, laboratories, staff), compliance may also involve institutional support and adjustment, not just litigation.

Overall, state liability and control mechanisms constitute a network of guarantees: the individual has individual remedies (including compensation), and the Union has systemic correction tools (infringement, CJEU judgments, sanctions). National courts remain the pivot: they apply EU law in concrete cases, provide jurisdictional protection and, when necessary, request interpretations from the CJEU. Thus, the authority of EU law is manifested in real consequences: rules applied, practices corrected, damage repaired and the maintenance of the coherence of the common legal order in a diverse legal area.

The authority of European Union law is the foundation of the functioning of the Union as a „community of law", in which common rules do not remain simple political commitments, but become effective, enforceable and controllable legal norms. In an area composed of states with different constitutional traditions, the authority of EU law ensures the coherence and predictability of the European legal order, preventing fragmentation of the internal market and protecting the rights conferred on individuals and economic operators.

The analysis highlighted that this authority is built through a complementary architecture of principles and mechanisms. Supremacy provides the rule for resolving conflicts between EU rules and national rules, imposing the priority application of Union law when there is incompatibility. Direct effect transforms, under certain conditions, EU rules into legal instruments that can be invoked by individuals before national courts, strengthening individual protection and bringing EU law closer to social reality. Furthermore, effectiveness shows that authority is not only a matter of formal validity, but one of practical application: compliant interpretation, non-application of the contrary domestic rule and standards of effective jurisdictional protection are those that reduce the distance between the rule and the result.

The theme also demonstrated that the authority of EU law becomes credible only when the breach of the rules produces legal consequences. State liability for breach of EU law and the institutional control mechanisms (infringement procedure, judicial control of the CJEU, sanctions

for non-compliance and preliminary dialogue) complete the system, ensuring both remedies for injured parties and the correction of structural inconsistencies. In this framework, national courts play a central role: they are the first level of enforcement and protection, and their cooperation with the CJEU guarantees the uniform interpretation and maintenance of the unity of EU law.

In conclusion, the authority of EU law should not be understood as a purely formal diminution of internal autonomy, but as the expression of a legal model specific to European integration: states exercise their powers within a common framework, accepted by the Treaties, governed by principles such as subsidiarity and proportionality and supported by jurisdictional guarantees. Through these mechanisms, EU law maintains its essential function: that of ensuring uniformity, useful effect and real protection of rights in a Union characterised by legal and political diversity.

Review problems

- How can the "authority of EU law" be defined and why is it claimed that EU law constitutes an autonomous legal order?
- What does the supremacy of EU law entail and how does the obligation to leave an incompatible domestic norm unapplied translate into practice?
- What is the difference between direct applicability and direct effect? Give an example of each.
- What requirements must a rule of EU law meet in order to be directly invoked before national courts?
- What is the difference between vertical and horizontal direct effect and why is this distinction relevant in litigation?
- What is conforming interpretation, what are its limits and in what situations does it become necessary to disapply the contrary domestic norm?
- What does effective judicial protection mean in EU law and what is the role of national courts in guaranteeing it?
- How are the principles of effectiveness and equivalence applied in the evaluation of a national procedure?
- Under what conditions can the state be held liable for a breach of EU law and what must be proven to obtain compensation?

- What are the main compliance mechanisms (national and European) and how do they complement each other in ensuring the uniform application of EU law?

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UNIT VIII. FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION.

8.1. The normative foundations of the protection of fundamental rights in the European Union: the values enshrined in the Treaties, the Charter of Fundamental Rights and its integration into the Union's legal order

8.2. The judicial role of the Court of Justice of the European Union and national courts in guaranteeing fundamental rights: interpretation, review of legality and the standard of effective judicial protection

8.3. Institutional and political mechanisms of the European Union for the promotion and protection of fundamental rights

8.4. The European Convention on Human Rights system and its interaction with European Union law: the external dimension of protection and the convergence of European standards

The purpose of the topic: The general aim of the theme is to develop a systematic and applied understanding of the European architecture of fundamental rights protection, analysed both within the European Union — through the values enshrined in the Treaties, the Charter of Fundamental Rights, the case law of the Court of Justice of the European Union and the institutional mechanisms regarding the rule of law — and within the Council of Europe, through the European Convention on Human Rights and the role of the European Court of Human Rights. The theme aims to provide students with the conceptual and legal tools necessary to correctly identify the applicable regulatory framework in a concrete situation, to distinguish between the levels of protection (EU and ECHR), to understand the role of the actors involved (courts, European institutions, political and jurisdictional mechanisms) and to formulate appropriate legal strategies in cases of violation of fundamental rights. In essence, the aim of the theme is to transform theoretical knowledge of fundamental rights into a practical competence of analysis and application.

Theme objectives: After studying the topic, students will be able to:

- to explain the normative structure of the protection of fundamental rights in the European Union, clarifying the relationship between the

values enshrined in the Treaties, the Charter of Fundamental Rights and secondary law (regulations, directives, decisions), as well as the role of the general principles of EU law;

- to delimit the scope of the Charter of Fundamental Rights, distinguishing between situations in which it applies to Member States (in relation to the implementation of EU law) and those which remain exclusively within the scope of national law, without European implications;
- to analyze the role of the Court of Justice of the European Union in guaranteeing fundamental rights, through mechanisms such as uniform interpretation, the preliminary reference procedure (Art. 267 TFEU), the control of the legality of EU acts and the jurisprudential development of the proportionality standard;
- to assess the contribution of national courts to achieving effective judicial protection, including through the direct application of EU law, conform interpretation, non-application of conflicting domestic rules and the use of judicial dialogue with the CJEU;
- describe the structure and functioning of the Council of Europe system, explaining the competences of the European Court of Human Rights, the conditions for admissibility of complaints, the principles of subsidiarity and exhaustion of domestic remedies, as well as the effects of ECtHR judgments;
- to compare the protection of rights within the European Union and within the ECHR, highlighting the differences in competence, legal logic and procedural mechanisms, but also the complementarity of the standards developed by the two systems;
- explain European rule of law mechanisms, including the role of the European Commission, the infringement procedure, monitoring mechanisms and political and budgetary instruments, in the context of protecting the fundamental values of the Union;
- to formulate reasoned legal solutions for practical situations, correctly identifying the applicable level of protection (EU or ECHR), the competent actor and the appropriate procedural steps for the defense of fundamental rights in a specific case.

8.1. Normative foundations of the protection of fundamental rights in the European Union: the values enshrined in the Treaties, the Charter of Fundamental Rights and its integration into the Union's legal order.

In the European Union, the protection of fundamental rights is not a decorative element of the integration discourse, but a normative pillar that influences the way in which powers are exercised and the legitimacy of European public action. The starting point is the values of the Union, enshrined as legal benchmarks: human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. In a practical sense, these values function as a standard of assessment: when EU institutions develop policies, when states apply Union law and when risks of degradation of the rule of law are examined, the analysis cannot be limited to administrative efficiency or economic utility, but must include compatibility with values and fundamental rights.

The Charter of Fundamental Rights of the European Union is the central systematizing instrument: a coherent catalogue of rights, freedoms and principles, which has binding legal force and can serve as a criterion for reviewing legality in the field of application of EU law. However, the Charter does not transform the Union into a constitutional state in the classical sense, nor does it replace national constitutions; it operates as a European reference framework, activated when the EU institutions act within the limits of their powers or when the Member States "implement" EU law. For students, this delimitation is decisive: the Charter does not automatically apply in every internal dispute, but is linked to the existence of a legal connection with EU law.

A mini-situation helps to clarify: if a national authority applies an EU regulation (e.g. in the field of data protection or judicial cooperation), the Charter can become an immediate standard for assessing the proportionality of the interference and the procedural guarantees. If, on the contrary, the situation remains exclusively within the sphere of national competence (without an element of EU law), the Charter is usually not the main instrument—even if the protection of rights exists through the national constitution and the ECHR.

The relationship of the Charter to the Treaties is one of functional integration: the Treaties establish the values, objectives, competences and

institutional architecture, and the Charter provides the content of the rights and a method of analysing the restrictions. In practice, a two-way mechanism results:

- EU institutions must respect the Charter when adopting acts (regulations, directives, decisions);
- Member States must respect the Charter when applying EU law (transposition, implementation, enforcement measures).

In this context, it is useful to understand the internal structure of the Charter: rights are not just listed, but are accompanied by rules on their limitation and balancing. In practice, many situations involve tensions between rights and public interests: freedom of expression may conflict with the protection of reputation or the fight against incitement to hatred; the right to privacy may conflict with public security; economic freedom may be limited by consumer protection and public health. The Charter allows for restrictions, but only under strict conditions: the restriction must be provided for by law, respect the essence of the right and be proportionate to a legitimate aim.

A typical mini-situation: in a security discourse, an authority may promote the general retention of data "just in case". In the logic of the Charter, the abstract invocation of security is not enough: the adequacy, necessity and existence of guarantees (independent control, time limitations, strict access, remedies) must be demonstrated. The absence of these elements risks transforming a legitimate measure into an excessive one.

The normative framework of rights in the EU is also strengthened by the fact that protection does not depend exclusively on the Charter, but also on the general principles of EU law, developed in case law, and on the "common constitutional traditions" of the Member States. This has a methodological consequence: legal analysis is not limited to citing an article of the Charter; one must also follow the way in which the CJEU has constructed application tests (proportionality, balance, procedural guarantees, standard of effective protection).

Furthermore, secondary law is the space where rights meet concrete policies. Regulations and directives can strengthen rights (transparency, access to information, data protection), but they can also generate risks when they impose intrusive obligations without guarantees. Therefore, in European practice, the assessment of the impact on fundamental rights

becomes an important stage of the normative process. A realistic mini-situation: anti-money laundering measures require checks and reporting; the purpose is legitimate, but may affect privacy and personal data. The framework of rights requires careful legal design: specific purposes, limited data retention period, independent control, means of challenge.

In essence, the normative framework indicates not only "what rights exist", but also who has obligations and when the European standard is activated. This leads to the central question of the next section: who interprets and applies these standards and how is effective protection achieved when conflicts arise?

8.2. The judicial role of the Court of Justice of the European Union and national courts in guaranteeing fundamental rights: interpretation, review of legality and the standard of effective judicial protection.

Once the regulatory framework has been defined, the effective protection of rights depends on the European judicial architecture. In the EU, this operates as a cooperative system: the Court of Justice of the European Union (CJEU) ensures the uniform interpretation and review of EU acts, while national courts constitute the first line of application and remedies in specific cases. The CJEU is not a general appeal court for all national disputes; it acts through specific mechanisms, in particular preliminary rulings and review of the legality of EU acts, and national courts are called upon to apply EU law in practice.

The role of the CJEU begins with interpretation: the same European rule must have the same meaning in all Member States; otherwise, rights would be protected unequally. To this end, a preliminary reference allows the national court to ask the CJEU for clarification on the interpretation or validity of EU law. A mini-situation: a national court is deciding on a challenge against an administrative penalty based on an EU regulation; the key concept is ambiguous. If a restrictive interpretation would reduce the individual's guarantees, the court can ask the CJEU to establish the correct criteria. This way, the protection of rights does not become dependent on variable local interpretations.

The CJEU also exercises control over the legality of EU acts, which is essential: the European institutions are not "above" rights. When an

EU act affects rights (in judicial cooperation, security, digital, migration, data), it can be assessed in terms of legal basis, procedure, proportionality and compatibility with the Charter. Here, rights function as a limit on European public power. Mini-situation: an act aims to combat crime and imposes data collections. The aim may be legitimate, but the standard of rights requires guarantees: independent control, limited access, clear criteria, remedies. The CJEU can establish tests that oblige the acts to be adjusted so as to respect rights.

However, national courts are where rights are protected „on a daily basis": they settle disputes, order remedies, suspend measures, review procedures. In the field of EU law, national courts have the obligation to ensure effective judicial protection. This means that the formal existence of a remedy is not enough; the protection must be real: accessible, impartial, within a reasonable time, with respect for the rights of the defence, reasons and the possibility of obtaining an effective remedy.

A mini-situation: an authority applies a European instrument and refuses access to the file or does not justify the decision. The national court must verify not only the "formal legality", but also whether the procedure was fair, whether the person was heard and whether there is an effective means of appeal. If the deadline is unrealistically short or the fee is prohibitive, the protection becomes apparent. The EU standard requires functional protection.

In practice, national courts use a chain of instruments: conform interpretation (harmonization), non-application of the contrary domestic rule (when the conflict is clear), preliminary reference (when the EU standard needs to be clarified). The CJEU does not "take over" the case, but provides the legal framework; the national court remains the one that establishes the facts and pronounces the solution. This distribution of roles maintains proximity to the reality of the dispute, but ensures uniformity.

Furthermore, the protection of rights frequently involves balancing operations: rights are not usually absolute and limitations are only permitted under the control of proportionality. The national court applies the test in the case; the CJEU refines the criteria through case law. This combination ensures that rights are not just proclaimed but integrated into the effective functioning of EU policies.

8.3. Institutional and political mechanisms of the European Union for the promotion and protection of fundamental rights.

In the EU, the protection of fundamental rights is not achieved exclusively through the courts, but also through a network of institutional and political mechanisms that act preventively, correctively and systemically. The European Commission has a central role as the 'guardian of the Treaties', monitoring the application of EU law and reacting to breaches affecting rights within the scope of the Union.

An instrument of major legal relevance is the infringement procedure, used when a Member State fails to fulfil its obligations. In the field of fundamental rights, infringement becomes relevant when there is a link with EU law: for example, if a state implements an EU instrument but degrades the right of defence, limits access to justice or discriminates within the framework of European regulations. A mini-situation: in an area regulated by the EU, appeals do not suspend the execution of a measure with irreversible effect. If this procedural structure makes the right "excessively difficult" to exercise, the Commission can take action.

The Commission also uses soft law and dialogue instruments: recommendations, guidelines, structured dialogues, implementation guides. Although they are not equivalent to court decisions, they can prevent slippage and standardize administrative practices before the situation escalates into litigation.

The European Parliament contributes through the democratic dimension: debate, resolutions, hearings, legitimate political pressure. In practice, the Parliament can ask the Commission for explanations, bring risks to rights to public attention and influence the regulatory agenda through amendments and political conditioning. A didactic advantage: the protection of rights does not only occur "after the violation" (reparative), but also "by design" (preventive), through the way policies are designed.

The Fundamental Rights Agency (FRA) has an expertise role: it collects data, produces reports, identifies patterns and vulnerabilities (discrimination, access to justice, impact of policies). The FRA does not judge complaints or sanction, but provides "evidence" that can inform policies and interventions. FRA reports often function as an early warning tool: they signal recurring problems, vulnerable areas and impact on exposed groups.

In recent years, the protection of rights has become increasingly linked to the rule of law, as rights cannot be effectively protected without independent institutions and functioning procedures. That is why the EU has developed mechanisms for monitoring and responding to systemic risks: regular reports, institutional dialogue, special instruments for serious situations (including fundamental values mechanisms). Conceptually, the key idea is that the rule of law is the "infrastructure" of rights: when the infrastructure deteriorates, rights become fragile even if the texts remain unchanged.

A further relevant tool is the logic of conditionality (especially in relation to good governance and the functioning of institutions). Although politically sensitive, this type of mechanism sends an institutional message: values and rights are not symbolic, but influence the way the EU manages its functioning and resources.

The conclusion of this section is twofold: (1) the protection of rights has a jurisdictional core, but (2) it also has an institutional and political dimension intended to prevent and correct systemic slippages before they become irreversible.

8.4. The European Convention on Human Rights system and its interaction with European Union law: the external dimension of protection and the convergence of European standards.

The European Convention on Human Rights (ECHR) system represents, in the European space, an external protection mechanism: it provides additional control, from outside the EU, over the respect of rights by the States Parties. The European Court of Human Rights (the Strasbourg Court) examines complaints regarding the violation of Convention rights by a State. This means that, when an individual considers that rights such as freedom of expression, the right to private life or the right to a fair trial have been violated, he or she can refer the matter to the Court, under the conditions set out in the Convention.

Access is not automatic, as the Court is not a "fourth instance" that re-examines the facts of domestic cases. The admissibility conditions therefore have a filtering role: the complaint must concern a protected right, the applicant must have the status of a "victim", the application must be lodged within a permissible time limit, and the applicant must have exhausted do-

mestic remedies. These conditions reflect two structural principles: subsidiarity and exhaustion of domestic remedies. The protection of rights is, first and foremost, the responsibility of the State and the national courts; Strasbourg intervenes when domestic protection has been insufficient.

A practical consequence for the legal strategy: arguments regarding the violation of rights must be built up already at the domestic stage. If the applicant has not substantially invoked the violation (e.g. lack of reasoning, excessive duration, lack of access to a lawyer), the application may be dismissed. Thus, the ECHR indirectly disciplines the quality of national trials: it encourages early invocation of standards and the strengthening of domestic remedies.

In terms of judgments, the Court issues decisions on inadmissibility or on the merits; when it finds a violation, it can award just satisfaction and, more importantly, it sets interpretative standards. Judgments are not just individual reparations: they influence domestic practice, as they clarify notions such as "fair trial", "necessary interference in a democratic society", "proportionality" or "positive obligations" of the State.

Enforcement of judgments is essential: without implementation, protection remains theoretical. Enforcement usually involves individual measures (redressing the situation of the claimant) and general measures (legislative reforms, changes in practice, training, reorganisation). Enforcement is supervised by the Committee of Ministers of the Council of Europe, which monitors the plans and reports of the states. For students, this stage is important because it shows how standards are transformed into public policies and reforms.

The interaction between the ECHR and EU law is a defining element of the European landscape. The CJEU and the Strasbourg Court belong to different systems, but the standards influence each other. In practice, the ECHR functions as a continental benchmark, and the CJEU often uses the ECHR standards as a minimum level of protection, especially in procedural areas (fair trial, rights of defence, guarantees in interferences with private life). National courts operate in a "double bind": they apply the ECHR as an international obligation and they apply the Charter when the case falls within the scope of EU law. This increases protection, but requires rigour: the judge must correctly identify the legal framework, avoid contradictions and harmonise standards.

From this perspective, the protection of rights in Europe is not a system with a single center, but a network of guarantees: the ECHR provides external control and transnational standards, the EU provides an internal framework with unification tools and remedies related to Union law, and national courts make the connection by applying the standards in concrete disputes.

The protection of fundamental rights in Europe operates as a multi-layered system, built to transform rights from normative statements into effective guarantees applicable in concrete situations. Within the European Union, rights are not treated as an "add-on" to the internal market, but as part of the Union's legal identity: the fundamental values, the Charter of Fundamental Rights and the general principles of EU law constitute a framework that limits the exercise of public power and obliges the institutions and Member States to integrate rights in the design and implementation of policies.

At the jurisdictional level, protection becomes real through cooperation between the CJEU and national courts. The CJEU ensures the uniform interpretation of standards and controls the legality of EU acts, while national courts represent the first line of protection, granting effective remedies in individual disputes. The essence of this architecture lies in the fact that rights are not defended only through formal recognition, but through concrete procedural mechanisms: conforming interpretation, non-application of the contrary domestic rule, preliminary reference, as well as compliance with the standard of effective judicial protection (real access to court, procedural fairness, reasoning, useful remedies).

At the same time, the Union complements the judicial dimension with institutional and political instruments aimed at preventing and correcting systemic dysfunctions. The role of the Commission (monitoring and infringement), of the Parliament (democratic control and public visibility), of the FRA (data-based expertise) and of the rule of law mechanisms shows that the protection of rights does not depend exclusively on litigation, but also on the institutional health of the Member States. In this logic, the rule of law becomes the infrastructure of rights: without independent courts, fair procedures and accountable administration, rights remain fragile, no matter how well they are formulated in texts.

Outside the EU, the ECHR system provides complementary external protection, acting as a last resort for redressing violations when domestic remedies have failed. The Convention and the case-law of the Strasbourg Court consolidate a continental standard, and the enforcement of judgments — through individual measures and general reforms — contributes to the sustainable improvement of national practices. The interaction between the EU Charter and the ECHR, through the convergence of case-law and cumulative application at national level, leads to a major result: increasing the coherence and density of rights protection in Europe, without eliminating the diversity of legal systems.

In conclusion, the European mechanisms for the protection of fundamental rights must be understood as a network of guarantees: norms (values, Charter, ECHR), jurisdictions (CJEU, national courts, ECtHR) and institutional instruments (monitoring, control, compliance). The efficiency of this network depends on two essential conditions: (1) the correct identification of the applicable legal framework (EU/Charter or ECHR or both) and (2) the existence of remedies and remedies that work in practice. Thus, fundamental rights are not just "proclaimed rights", but become operable rights, defended through procedures, control and institutional accountability.

Review problems

- Why are fundamental rights considered constitutive elements of the rule of law and the legitimacy of governance in Europe?
- How does the EU Charter function as a legal standard and what are its limits of application (relationship with EU law)?
- How does the preliminary reference contribute to the uniform protection of fundamental rights in the EU?
- What does effective jurisdictional protection mean and what guarantees must exist for it to be real, not formal?
- What differentiates the CJEU's control over EU acts from the protection offered by the ECHR?
- How do EU institutional mechanisms (Commission, Parliament, FRA) act in preventing and correcting rights problems?
- Why is the rule of law the „infrastructure" of rights and how does the weakening of institutions affect effective protection?

- What are the conditions of admissibility in the ECHR system and what role do exhaustion of domestic remedies and subsidiarity play?
- What does the execution of ECHR judgments mean and why are general measures as important as compensation?
- How is the harmonization of standards between the EU Charter and the ECHR achieved, in practice, at the level of national courts?

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UNIT IX. THE PROTECTION OF HUMAN RIGHTS IN EUROPE: EUROPEAN COURT OF JUSTICE.

9.1. The foundations and legal sources of the protection of fundamental rights in the European Union
9.2. Jurisdictional mechanisms for guaranteeing fundamental rights in the legal order of the European Union
9.3. Institutional instruments and political mechanisms of the European Union for the promotion and protection of fundamental rights
9.4. Sensitive areas and contemporary challenges in the protection of fundamental rights in the European Union
9.5. The Court of Justice of the European Union as a guarantor of respect for fundamental rights and the rule of law

The purpose of the topic: The general aim of the topic is to explain, in a logical and application-oriented way, how the European Union guarantees human rights: through its own legal sources (in particular the Charter of Fundamental Rights), through mechanisms of judicial protection (primarily the CJEU, together with national courts) and through institutional and political instruments (the Commission, the Parliament, the FRA, as well as mechanisms dedicated to the rule of law). The emphasis is on understanding the real „path" of defending a right, including the criteria that allow for the legitimate assessment of limitations: legal basis, legitimate aim, proportionality and procedural guarantees.

Theme objectives: After completing the assignment, students will be able to:

- to argue for the role of human rights in the EU value system and their structural connection with the rule of law;
- to identify and distinguish the main sources of rights protection in the EU (Charter, treaties, general principles, secondary law), critically relating them to the ECHR system;
- to delimit the scope of the Charter and explain the conditions under which it can be invoked in national disputes;

- describe the function of the CJEU and national courts in guaranteeing effective judicial protection and the right to a fair trial;
- to present the contribution of the European Commission, the European Parliament and the FRA Agency in promoting, monitoring and strengthening rights;
- to use the proportionality test to assess whether a restriction of a right is justifiable;
- to critically assess the current challenges of rights protection in the EU (migration, digitalization, non-discrimination, crisis situations) and to formulate benchmarks for legal solutions.

9.1. The foundations and legal sources of the protection of fundamental rights in the European Union.

The protection of human rights in the European Union is based on a premise with decisive legal effects: the Union is not exclusively an economic construct, but a community of values. At the heart of this identity is human dignity, which functions as a transversal foundation of all rights. In EU law, dignity does not remain at a declarative level, but becomes a concrete criterion for assessing the way in which the authorities treat the individual. For example, in an administrative procedure in which the person is „managed" only as a statistical element, without a real right to be heard and without an intelligible explanation of the decision, there is not only a problem of efficiency, but also one of respect for dignity: the individual is transformed into the object of the decision, not recognized as a subject of law.

Freedom, in the logic of the Union, is not reduced to the absence of constraint, but includes the effective possibility of the individual to build his life and options: freedom of expression, association, movement, professional freedom, but also the freedom not to be subjected to arbitrary or disproportionate interference. Today, an important test of freedom occurs in relation to technology. The extensive collection of personal data „in the name of security" may pursue a legitimate objective, but becomes problematic when it is generalized, opaque and lacking control: in this situation, the impact on the privacy and autonomy of the person exceeds what can be justified in a democratic society.

Egualite also has immediate relevance in practice. The EU promotes

the prohibition of discrimination and equal treatment, but understands that equality does not always mean "the same rule" applied uniformly. Sometimes, real equality requires measures to correct structural disadvantages so that access to rights is effective. The example is simple: two people formally have access to the same procedure, but one cannot participate in reality due to a language barrier or disability. Without reasonable accommodation, equality remains strictly formal, and rights become inaccessible to those in vulnerable situations.

All these values are based on the rule of law, which transforms rights from normative statements into functional guarantees. The rule of law implies legality, separation of powers, judicial review, independence of courts, transparency and accountability. In practical terms, it means that power can be checked and the individual has remedies when his or her rights are violated. If courts are not independent, if decisions are not motivated, or if access to justice is discouraged by disproportionate costs or unreasonable deadlines, rights become vulnerable regardless of their elegant formulation in texts.

From a legal perspective, the protection of rights in the EU is built through a set of complementary sources:

1. EU Charter of Fundamental Rights-It provides a concise and up-to-date presentation of rights and principles, structured around easy-to-use axes: dignity, freedoms, equality, solidarity, citizens' rights and justice. In practice, the Charter is the most „visible" tool in the analysis of the compatibility of a European measure (or a national implementing measure) with the fundamental standards.

2. EU Treaties(as a constitutional foundation) enshrines the values, objectives and principles of the functioning of the Union, including the requirement of effective judicial protection. Even when the Charter is not explicitly invoked, the Treaties guide the interpretation of EU law, requiring a reading compatible with the values of the Union. Thus, rights do not constitute an "isolated domain", but are part of the legal identity of the EU.

3. General principles of EU law-have an essential role of complementing and correcting, especially in situations where the written rule is insufficient or ambiguous. Many principles have been consolidated by the case law of the CJEU: proportionality, legal certainty, protection of legitimate expectations, equal treatment, right of defence. In practice, they

are decisive in administrative and judicial procedures. Even if a rule does not expressly specify the moment of the hearing, the principle of the right of defence may require a hearing before a decision with serious negative effects is adopted.

4. Secondary legislation(regulations, directives, decisions) concretize rights in specific areas and often introduce procedural guarantees and material standards: data protection, non-discrimination, consumer rights, judicial cooperation, asylum, working conditions. Rights often become „tangible" precisely at this level: reasonable time, information, access to legal remedies, protection against abusive practices.

A key element for application is the scope of the Charter. The Charter directly binds the EU institutions, bodies, offices and agencies in all their actions. In relation to the Member States, it does not automatically apply in every domestic situation, but only when the State acts within the framework of EU law: it applies, executes or interprets European rules. The rationale is clear: the Charter does not replace national constitutions, but ensures that EU law is used in a manner compatible with fundamental standards.

The practical difficulty is to identify the „link" with EU law. If the state transposes a directive, administers European funds, implements internal market rules or intervenes in a harmonised area, the Charter may become applicable. If this connection is missing, protection is primarily achieved through domestic law and the ECHR.

Example: a national authority applies a sanction in an area covered by EU law and the person invokes the lack of access to the file and the impossibility of formulating his defence. If the dispute falls within the scope of EU law, then the right of defence and effective judicial protection, as enshrined in the Charter, can be invoked. In a purely internal dispute, with no connection to EU law, the Charter may be considered inapplicable.

In parallel, it is essential to understand the relationship with the ECHR. The ECHR functions as a continental European standard, and the case law of the Strasbourg Court provides developed criteria for rights such as fair trial, freedom of expression, prohibition of inhuman treatment, privacy or protection of property. In the EU legal order, the ECHR is not just an "external" benchmark, but an inspiring standard and a minimum threshold of protection. The CJEU has integrated fundamental

rights as general principles of EU law, and the reasoning and tests developed in Strasbourg have influenced this evolution.

In practice, complementarity is essential: in cases concerning EU law, the Charter is the central instrument, but the ECHR standards often remain interpretative benchmarks, especially when the rights are formulated in a similar way. At the same time, the ECHR remains the external control mechanism: when internal protection is insufficient, Strasbourg can provide an additional layer of supervision. In conclusion, the protection of rights in Europe functions as a network: EU law provides standards in its field, and the ECHR consolidates a common minimum and provides external control.

9.2. Jurisdictional mechanisms for guaranteeing fundamental rights in the legal order of the European Union.

In the European Union, the Court of Justice of the European Union (CJEU) plays a major role in the protection of human rights, but this role must be understood within the specific logic of EU law. The CJEU is not a general court examining any violation in the internal life of States, but a court called upon to guarantee compliance with and the unity of EU law. Through this mission, it becomes a pillar of rights protection: when EU law confers rights on individuals or imposes procedural guarantees, the CJEU ensures that these are not emptied of their content and that both the EU institutions and the Member States (to the extent that they apply EU law) respect the legal limits and fundamental standards.

An essential tool is the control of the legality of acts of the EU institutions: verification of competence, compliance with procedures, reasoning and compatibility with fundamental rights. Often, the infringement of rights does not result from an explicit intention, but from measures that pursue a legitimate aim (security, economic stability, public health), but are drafted excessively broadly, applied rigidly or lack safeguards. In such situations, the CJEU can intervene, assessing whether the restriction of the right is justified, whether it is proportionate and whether there is effective judicial protection.

Effective judicial protection requires the existence of real and effective remedies. The CJEU has insisted on the idea that access to justice cannot be reduced to a formality: it cannot be blocked by excessive formalism, prohibitive costs or procedures that make the challenge illusory.

Example: an administrative sanction imposed on the basis of a European rule, without access to the file and without understanding the reasons for the decision. Even if the authority invokes the public interest, such a procedure raises fundamental problems: without information, without the possibility of reaction and without effective judicial control, the remedy becomes symbolic.

However, in everyday legal life, the protection of rights in the EU is predominantly achieved through national courts, which are often called 'EU law judges'. They apply European rules in concrete disputes and represent the first effective level of protection when an individual invokes a right derived from a directive, regulation or the applicable Charter.

In this framework, conforming interpretation is a central tool: if the domestic rule allows for several interpretations, the judge must choose the one compatible with EU law. The advantage is the harmonisation without unnecessary tensions between the national and European order. However, conforming interpretation has limits: it cannot overturn the clear meaning of the domestic rule. When the conflict cannot be overcome and the conditions are met, it may lead to the non-application of the domestic rule contrary to EU law. Non-application is not a political gesture, but the legal effect of the supremacy of EU law in its sphere of competence: the domestic rule is not annulled, but is refused in the specific case in order to protect the effect of Union law.

This logic becomes extremely important in matters of rights, when domestic procedural rules make it excessively difficult to defend a right recognised by EU law. For example, a time limit for challenging a case so short that the person cannot consult a lawyer and formulate arguments may infringe the requirement of effectiveness. If the dispute falls within the scope of EU law, the national court must verify the conformity of the domestic rule with European standards.

The preliminary reference is the mechanism by which the dialogue between national courts and the CJEU produces legal unity. In the field of rights, its role is essential, since rights are formulated in general terms and must be applied in very diverse contexts. Without this mechanism, divergent interpretations would lead to uneven standards of protection.

By making a preliminary reference, the national court can ask the CJEU for clarification on the interpretation of EU rules or the Charter

(where the Charter is applicable). This mechanism is decisive in areas of tension between public policies and fundamental rights, such as data protection in relation to security. The questions become concrete: what does necessity and proportionality mean in EU law? What minimum guarantees are mandatory? What does independent control entail? The CJEU sets the interpretative framework, and the national court applies it to the facts of the case.

The effect of the preliminary ruling goes beyond the concrete case: the interpretation of the CJEU is subsequently applied in other disputes, reinforcing the stability of the standards. In didactic terms, this explains why uniformity is not achieved by „centralizing" disputes in Luxembourg, but by cooperation: the CJEU clarifies the meaning of the rules and the national courts guarantee their application.

Ultimately, the effectiveness of protection depends on the quality of procedural guarantees. The right to a fair trial implies the real possibility of knowing the reasons for the decision, of accessing the essential elements of the file, of presenting arguments and evidence and of responding to the authority. Frequently, the violation does not take the form of "you have no rights", but of "you have rights but you cannot exercise them".

The motivation of decisions is a decisive guarantee: an unmotivated decision cannot be effectively challenged, and the motivation disciplines the authority, forcing it to legal reasoning and justify proportionality. Two identical decisions may have different legitimacy as a result: one explains the basis, the facts and the necessity, another invokes vague formulas such as „public interest". Only the first allows for real judicial review.

Finally, proportionality is the central criterion linking rights to legitimate objectives. The restriction of a right must be appropriate to the purpose, necessary (without less restrictive alternatives) and balanced in relation to the impact on the right. Administrative convenience is not usually a sufficient argument for intense restrictions.

Therefore, judicial protection does not only mean the existence of a court, but the existence of a complete procedural path: information, hearing, reasoning, challenge and a judicial review that examines the substance, not just the form. This reflects the EU approach: rights become effective through mechanisms and procedures, not just texts.

9.3. Institutional instruments and political mechanisms of the European Union for the promotion and protection of fundamental rights.

In the EU institutional architecture, the European Commission has the role of ensuring the correct application of Union law. Through this function, the Commission becomes a central actor in the protection of rights when they are involved in the implementation of EU rules. The Commission does not settle complaints as a court and does not substitute judicial review, but it can identify patterns of non-compliance, request explanations from Member States and activate formal instruments when EU law is not respected.

In practice, rights issues often arise as a recurring phenomenon: administrative procedures that reduce access to justice, national interpretations with discriminatory effects, incomplete transpositions of directives that weaken guarantees. The Commission monitors through reports, dialogue with authorities and civil society, legislative analysis and evaluation of practices. It often prefers early correction through dialogue: it requests justifications, indicates risks and recommends adjustments. This stage is important, as many non-compliances can be corrected through administrative measures or specific amendments, without escalating into litigation.

If the dialogue fails, the infringement procedure becomes the main instrument: the state is called upon to respond formally, and the CJEU can be referred to find the infringement. In the area of rights, infringement is particularly relevant when the application of EU law has serious consequences for the guarantees (for example, the lack of an effective remedy in a harmonised area or the implementation of a European policy through procedures that do not respect the rights of the defence). The key idea for students is that rights are also protected by the "discipline" of the uniform application of EU law: incompatible practices within the Union are avoided.

European Parliament contributes to the protection of rights through another form of power: public debate, democratic control and legitimate political pressure. Parliament does not judge and, usually, does not trigger infringements on its own, but it influences the agenda, increases the visibility of risk situations and forces institutions to react. Some problems persist precisely because they are treated as „technical details", although they directly affect individuals and communities.

Parliament resolutions they express official positions, flag risks and call for action from the Commission or the Council (e.g. on the independence of the judiciary, the protection of minorities, freedom of the press). Even if resolutions do not usually produce direct legal effect on states, they create a framework of accountability: institutions must respond and the subject becomes difficult to ignore.

Democratic control is also manifested through hearings, parliamentary questions, thematic reports and the work of committees. Parliament also influences the quality of legislation: it can insist on the inclusion of procedural guarantees, control mechanisms and transparency. In concrete terms, the level of protection also depends on the architecture of the rules: rules that are too vague can open up space for abuse, while rules with clear guarantees reduce the risk.

EU Agency for Fundamental Rights (FRA) is a technical actor, oriented towards expertise and analysis. It does not sanction or judge, but contributes to the protection of rights by producing a credible database and comparative interpretations. FRA offers diagnosis (where problems arise, how they manifest themselves, what are the probable causes) and prevention (recommendations, training standards, procedural models, consultation mechanisms). The FRA's limitation is the lack of contentious competence: it cannot resolve individual cases. However, at a systemic level, it can reduce the likelihood of repeated violations by improving policies.

In the EU, the protection of rights is inseparable from the rule of law. Rights become fragile not only because of deficient laws, but also when the institutions that are supposed to defend them do not function: vulnerable courts, prosecutors exposed to pressure, opaque administrations, weak control mechanisms. That is why the Union has built instruments aimed at systemic risks:

- **Article 7 TEU**: exceptional mechanism for situations of clear risk or serious and persistent breach of EU values. It is not a „simple sanction", but an instrument with complex procedures and high consensus requirements, which explains both its symbolic importance and its controversies.
- **Budgetary conditionality**: expresses the idea that deficiencies in the rule of law can affect the management of funds and the control of legality, endangering the proper functioning of common policies.

• **Annual reports on the rule of law**: regular monitoring and prevention mechanism. They identify risks before they turn into crises (length of trials, pressure on the press, anti-corruption weaknesses, transparency).

In conclusion, the protection of rights does not depend solely on the courts. Courts redress and clarify; institutions monitor and incentivize compliance; and rule of law instruments safeguard the institutional environment in which rights can be effectively defended.

9.4. Sensitive areas and contemporary challenges in the protection of fundamental rights in the European Union.

Migration and asylum is perhaps the area where the tension between the legitimate objectives of the authorities and the protection of rights becomes most evident. On the one hand, EU states and institutions have the obligation to manage borders, prevent cross-border crime and protect public security. On the other hand, asylum seekers, refugees and migrants are often in situations of vulnerability, which increases the risk of rights being affected in practice: access to procedure, humane treatment, accommodation conditions, legal assistance, the right to be heard, protection against return in situations of serious risk.

The central issue is balance: not that the state could not control, but how it does so. Rapid procedures that do not allow the real presentation of the case can produce formally correct but substantially unjust decisions. Administrative detention used automatically, without individual assessment and without real judicial control, can become disproportionate. At the same time, the absence of any control weakens the system. Therefore, procedural guarantees are decisive: information, interpreter, legal assistance, motivation, real means of appeal and, when necessary, suspension of effects until the resolution of the merits. A typical example: rapid refusal, without sufficient hearing and without effective access to a lawyer. In human rights, speed cannot substitute for fairness.

Digital rights and data protection tests the EU's ability to adapt classic rights to an accelerating technological reality. In the digital environment, privacy is expressed through data: location, searches, interactions, profiling, biometric data, medical information. The interferences can be invisible and massive, and the person may not even know that he is being

automatically assessed. Surveillance justified by security raises concrete legal questions: how extensive, how generalized, with what guarantees, under what control? In a democratic society, surveillance must be justified, limited and controlled; otherwise, the logic is reversed and everyone becomes implicitly a suspect, eroding privacy.

Artificial intelligence and profiling introduce additional risks: decisions without transparency and without real challenge (e.g. risk classifications, automated selections, prioritizations). This is where procedural rights become essential: the right to understand the criteria, the right to appeal, the right to request human intervention in certain situations. Furthermore, systems can reproduce historical prejudices: if data reflects discrimination, algorithms can amplify it. Thus, data protection is directly connected to equality and access to remedies.

Non-discrimination is a sensitive area precisely because the tensions are often social, not just legal. The EU combats discrimination on various grounds, but enforcement can become difficult in polarized contexts. Protecting rights means both prohibiting discrimination and creating the conditions for real access to services and opportunities: education, housing, health, the labor market.

Hate speech is a complex subject. Freedom of expression is fundamental to democracy, but incitement to hatred or violence directly affects dignity, security and equality. The challenge is to draw a balanced line: combating hatred must not be transformed into arbitrary censorship, but neither can it allow the normalization of aggression against minorities. In practice, the context matters: intention, impact, audience, repetition, real risk of violence, as well as the proportionality of the response.

Discrimination also becomes palpable through seemingly neutral barriers: difficult-to-understand procedures, lack of adaptations for disabilities, administrative requirements that exclude people without a permanent residence, different treatments in practice. Example: an EU citizen moves to another state and faces repeated refusals to rent or access services due to stereotypes related to nationality. In such cases, anti-discrimination law is not a moral discourse, but a legal instrument that protects dignity and equality in a concrete way.

Crises (pandemics, security emergencies, energy crises, exceptional situations) increase the tendency to restrict rights in the name of collec-

tive protection. In principle, restrictions can be legitimate if there is a legal basis, a legitimate aim and proportionality. In practice, the specific risk is the emergence of "de facto derogations": measures that are prolonged, normalised or applied without sufficient control, due to administrative inertia or political pressure.

The pandemic has shown clear tensions: movement restrictions, access rules, public health data collection, restrictions on gatherings. Some were necessary, but the key was calibration: time frame, review, justification, alternatives, judicial review. A measure justified at the height of a crisis can become disproportionate if it remains in force without updated justification.

Crucially, crises also test institutions: if courts function, if parliaments control the executive, if there is transparency and a real possibility of challenge, restrictions can be kept within legitimate limits. If these mechanisms weaken, the crisis becomes a pretext for the excessive consolidation of power and the reduction of democratic space. The didactic conclusion is firm: human rights are not a luxury of stable periods, but the criterion by which a society remains democratic under pressure.

9.5. The Court of Justice of the European Union as a guarantor of respect for fundamental rights and the rule of law.

The Court of Justice of the European Union (CJEU) is the supreme judicial authority of the European Union, with the fundamental role of ensuring respect for the law in the interpretation and application of the Treaties. Its function is not a purely formal one, but structural for the Union's legal order: through its work, the CJEU guarantees the unity, coherence and effectiveness of EU law in all Member States, preventing interpretative fragmentation and ensuring the protection of rights and obligations conferred by European rules.

Institutionally, the CJEU is composed of two main courts: the Court of Justice (in the strict sense) and the General Court. This structure reflects the need to manage a considerable volume of cases, but also the differentiation of jurisdictions according to the nature of the dispute. The Court of Justice mainly hears preliminary rulings, appeals against decisions of the General Court and certain actions brought by Member States or EU institutions. The General Court judges, in most cases, direct actions

brought by natural or legal persons, in particular in matters such as competition, State aid, restrictive measures or the non-contractual liability of the Union.

The composition of the courts reflects the principle of equal representation of the Member States. The Court of Justice is composed of one judge from each Member State, assisted by advocates-general, whose role is to deliver reasoned, independent and impartial opinions in cases raising legal questions of particular importance. The General Court is also composed of judges from the Member States. The judges and advocates-general are appointed for fixed terms, by agreement of the governments of the Member States, following an assessment of their professional competence and experience. Their independence and impartiality are essential conditions for the legitimacy of the judicial function at European level.

Access to the CJEU is not free in the sense of a general right to lodge any type of complaint. The referral to the court is carried out exclusively through legal mechanisms provided for in the Treaties. The most important of these is the preliminary ruling procedure, regulated by Article 267 TFEU. In this context, a national court asks the Court of Justice to interpret a provision of EU law or to rule on the validity of an act of the European institutions. The Court does not resolve the national dispute on the facts, but provides a binding interpretation of the rule, with the national court then having to apply the answer to the specific situation. This mechanism represents the pillar of the unity of EU law and the main instrument through which legal standards, including those relating to fundamental rights, are uniform across all Member States.

Another essential mechanism is the infringement procedure, through which the European Commission or a Member State can refer a case to the Court of Justice when it considers that another Member State has failed to comply with its obligations under EU law. By its judgment, the CJEU can find an infringement and the State concerned is obliged to take measures to comply. If the non-compliance persists, financial consequences may arise.

The review of the legality of acts of the EU institutions is carried out through an action for annulment. Through this procedure, the Court or the General Court verifies whether acts adopted by the European institutions comply with the powers, procedures and applicable substantive

rules, including fundamental rights. If the act is declared illegal, it may be annulled in whole or in part. In addition, an action for failure to act allows for challenging situations in which an EU institution does not adopt an act to which it was obliged. An action for non-contractual liability also allows for compensation for damage caused by the Union institutions, under the conditions established by case-law.

As regards the internal management of cases, the CJEU does not "select" cases according to political expediency, but examines their admissibility according to the procedural conditions laid down by the Treaties and the Statute of the Court. The admissibility filter is of major importance, in particular in the case of actions brought by natural or legal persons, where the conditions regarding standing, interest and direct and individual nature of the concern are interpreted rigorously.

Once admitted, the case is assigned to a formation of the Court. The Court may sit in formations of three or five judges, in the Grand Chamber or, in exceptional circumstances, in the plenary session. The determination of the formation depends on the legal importance of the case, the complexity of the issues raised and the potential impact on existing case-law. Cases involving constitutional issues of EU law, the institutional balance or significant changes in case-law are usually assigned to the Grand Chamber.

The procedure before the CJEU usually consists of a written part and, where appropriate, an oral part. During the written part, the parties and, in certain proceedings, the Member States and the EU institutions submit observations and pleadings. A judge is appointed rapporteur and is responsible for examining the case, drawing up a preliminary report and proposing the organisation of the procedure. If deemed necessary, a public hearing is held, during which the parties present their positions and answer the questions put by the court.

In cases raising questions of legal principle, an Advocate General may deliver reasoned opinions, which provide an in-depth analysis and propose a solution. Although these opinions are not binding, they exert a considerable influence on the development of case-law and contribute to the transparency and quality of legal reasoning.

After the closing arguments, the judges deliberate in secret and the judgment is delivered in public. The effects of the judgment vary accord-

ing to the type of procedure. In the case of a preliminary ruling, the interpretation given by the Court is binding on the national court which referred the question and, in practice, on all courts in the Union in similar cases. In actions for annulment, the effect may be erga omnes, by removing the unlawful act from the Union legal order.

In order to ensure efficiency and effective protection of rights, the CJEU also has accelerated procedural mechanisms. The accelerated procedure can be used when the nature of the case requires a rapid resolution for reasons of public interest or legal certainty. In areas such as the area of freedom, security and justice, the urgent preliminary ruling procedure (PPU) is provided for, applicable in particular when the situation of the person – for example, in matters of detention or transfer – requires a rapid response from the court.

Overall, the work of the CJEU is not limited to resolving specific disputes, but contributes to shaping a body of case-law that shapes the legal order of the Union. Through its interpretations, the Court reinforces the fundamental principles of EU law – primacy, direct effect, effective judicial protection, proportionality – and ensures that the application of EU law remains coherent, predictable and compatible with the values enshrined in the Treaties. In this sense, the CJEU is not just a court, but a constitutive element of the constitutional architecture of the European Union.

The functioning of the Court of Justice of the European Union is based not only on its judicial powers, but also on guarantees of the independence, competence and impartiality of its members, as well as on the rigorous organisation of the administrative apparatus which supports the judicial activity. The procedure for appointing judges and advocates-general is governed by the Treaties and the Statute of the Court, and the internal organisation reflects the requirements of a supranational judicial system.

The judges of the Court of Justice are appointed by common accord of the governments of the Member States. Each Member State proposes a candidate, but the appointment is not a unilateral act, but the result of an agreement between all the governments. The term of office is six years, renewable.

The eligibility criteria are strictly legal and professional. Persons who offer all the guarantees of independence and who fulfil the conditions re-

quired for appointment to the highest judicial offices in their State or who are lawyers of recognised competence may be appointed. This wording reflects the idea that judges of the CJEU must have solid legal experience, either as high-ranking magistrates or as university professors or practitioners with doctrinal authority.

Before the actual appointment, candidates are assessed by a committee of independent experts (established under the Treaties), which examines the professional skills of the proposed person. Although the opinion of this committee is not formally binding in the strict sense, it carries considerable political and legal weight, helping to ensure professional standards and avoid inappropriate appointments.

The independence of judges is guaranteed through several mechanisms:

- inability to receive instructions from governments or other authorities;
- incompatibility with the exercise of other political or administrative functions;
- the obligation to respect the confidentiality of deliberations;
- stability of the mandate for the duration of the six years, except in exceptional situations of termination.

The President of the Court of Justice is elected from among the judges, by internal vote, for a fixed term (usually three years, renewable). The election of the President reflects the principle of institutional autonomy and independent internal organisation.

The Advocates General are, in turn, appointed by common accord of the governments of the Member States for renewable six-year terms. Their role is distinct from that of the judges: they do not participate in the deliberations or vote on the solution, but they present reasoned opinions in cases raising complex legal issues or of principle.

The selection of Advocates-General is subject to the same requirements of competence and independence as for judges. The appointees must have a high level of legal qualification and significant professional experience. The opinion of the Committee of Experts also applies to them, reinforcing the professional legitimacy of the appointment.

The institution of the Advocate General is specific to the judicial model of the Union and contributes to the quality and consistency of case-

law. His Opinions provide an in-depth analysis of legal issues and, even if they are not binding, frequently influence the reasoning of the court.

After the appointment of the judges, the internal organisation of the Court is carried out in accordance with the Rules of Procedure. The judges are assigned to (full) chambers of three or five members, and for cases of particular importance, the Grand Chamber or the plenary session is constituted.

The panel for each case is appointed internally, depending on the nature and complexity of the case. A judge is appointed rapporteur, whose role is to conduct the preliminary analysis of the case and to formulate proposals regarding the organization of the procedure. The rapporteur is chosen according to internal administrative criteria, taking into account the balanced distribution of the workload and the specialization of the judges.

This organization reflects an essential principle: cases are not assigned arbitrarily, but within a stable procedural system, designed to ensure impartiality and efficiency.

The functioning of the CJEU is supported by a complex administrative apparatus, coordinated by the Registrar, who plays an essential role in the management of cases. The Registrar is appointed by the Court for a fixed term and is responsible for administrative organisation, archiving of documents, communication with the parties and publication of judgments.

The graft ensures:

- registration of cases;
- formal verification of submitted documents;
- deadline management;
- communication of documents to parties and institutions;
- organizing public meetings;
- maintaining the archive and drafting official versions of decisions.

In addition to the Registry, the Court has legal and linguistic services. Given the multilingual nature of the Union, the translation of documents is a fundamental part of the Court's work. Each case has a language of procedure, but judgments are published in all the official languages of the Union, which involves a considerable administrative effort.

The administrative apparatus also includes legal referents (référendaires), who assist judges and advocates general in the legal analysis of cases. They are specialized lawyers, selected on professional criteria, who

contribute to the preparation of draft decisions and to doctrinal and jurisprudential documentation.

The method of appointing and organising the members of the CJEU is designed to guarantee independence from national or political influences. Although the governments of the Member States participate in the appointment, once appointed, the judges and advocates-general do not represent their home state and do not receive instructions from it.

The fixed, renewable mandate ensures stability and continuity, and incompatibility mechanisms prevent conflicts of interest. Deliberations are confidential, and decisions are adopted collectively, without mentioning the individual opinion of the judges, which reinforces the institutional character of the decision.

The procedure for appointing judges and advocates-general of the Court of Justice of the European Union reflects the balance between the intergovernmental dimension (through the involvement of the Member States in the appointment) and the supranational requirements of judicial independence. The internal organisation, the allocation of cases, the functioning of the registry and the role of the administrative apparatus support the efficiency and coherence of the judicial activity.

Overall, the selection mechanism and institutional organization of the CJEU constitutes an essential component of the constitutional architecture of the European Union, ensuring that the interpretation and application of EU law is carried out in a professional, independent framework and oriented towards guaranteeing the fundamental values enshrined in the Treaties.

Review problems

- Explain how the values of dignity, freedom, equality and the rule of law are reflected in the concrete mechanisms for the protection of rights in the EU.
- What are the main legal sources of rights protection in the EU (Charter, Treaties, general principles, secondary legislation) and what distinct role does each play?
- Under what conditions does the EU Charter of Fundamental Rights apply to Member States and how do you demonstrate the existence of a „connection" with EU law in a specific case?

- Compare the role of the CJEU with the role of national courts in protecting rights: what does each do and how do they complement each other?
- What does effective judicial protection mean and what are the minimum elements of the right to a fair trial in a case falling under EU law?
- How does conform interpretation work and in what situations does it lead to the non-application of a domestic rule contrary to EU law?
- Why is the preliminary reference essential for the unification of human rights standards in the EU and what effects does the CJEU ruling produce?
- What is the contribution of the European Commission, the European Parliament and the FRA to the protection of rights and what are the limits of each?
- Explain the link between rights protection and rule of law mechanisms (Art. 7 TEU, conditionality, annual reports): why are they relevant for rights?
- Choose one of the current challenges (migration/asylum, digital rights, non-discrimination, crises) and show how the proportionality test is applied to assess the legitimacy of a restriction of a right.

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UNIT X: DEMOCRACY, SUBSIDIARITY AND DIFFERENTIATED INTEGRATION IN THE EU.

10.1. Democracy in the European Union: the foundations of democratic legitimacy and the configuration of the institutional architecture.

10.2. The principles of subsidiarity and proportionality: normative content, control mechanisms and practical application in the European decision-making process.

10.3. Differentiated integration in the European Union: theoretical foundation, forms of manifestation and legal and institutional instruments.

10.4. Implications for European governance and perspectives on the future evolution of the integration process.

10.5. The deliberative dimension of European democracy and the consolidation of the European public space: transparency, institutional communication and combating disinformation.

The purpose of the topic:is to clarify how democracy is constructed and functions in the European Union within a multilevel institutional architecture, to explain the meaning and use of the principles of subsidiarity and proportionality in European decision-making, and to analyze differentiated integration as a tool through which the EU manages internal diversity, enlargement, and crises. Finally, students should be able to understand how these elements influence the legitimacy, cohesion, solidarity, and future directions of the integration project.

Theme objectives: After studying the topic, students will be able to:

- explain the concept of democratic legitimacy in the EU and distinguish between representative democracy and participatory democracy;
- describe the role of the European Parliament and the Council in representing citizens and Member States respectively, as well as the contribution of national parliaments;
- to identify common causes of the perception of a „democratic deficit" and to assess the role of public communication and trust in strengthening the legitimacy of the EU;

- to define subsidiarity and argue its rationale in the distribution of competences between the European and national/local levels;
- to apply, at a conceptual level, the subsidiarity test and explain why the justification in legislative proposals is decisive;
- describe the early warning mechanism (yellow/orange card) and the role of national parliaments in the control of subsidiarity;
- explain the principle of proportionality and assess whether EU intervention is calibrated in relation to the purpose and less intrusive alternatives;
- define differentiated integration and distinguish the main forms (opt-out, enhanced cooperation, concentric circles), using relevant examples;
- to assess the advantages and risks of differentiated integration for EU unity, solidarity and cohesion, formulating plausible scenarios regarding the evolution of European integration.

10.1. Democracy in the European Union: the foundations of democratic legitimacy and the configuration of the institutional architecture.

Democracy in the European Union is distinguished by an essential structural feature: legitimacy does not derive from a single political source, as is usually the case within a state. It is formed through a combination of citizen representation and state representation, complemented by mechanisms of participation and control, which operate simultaneously at European and national level. From this perspective, EU legitimacy can be described as composite or multilevel: the individual is at the same time a member of a national political community and a citizen of the Union, and the decision-making process must remain intelligible, justifiable and controllable in both registers.

In this logic, the Union does not aim to replace national democracies, but to build a level of common governance in which collective policies are adopted in conditions of transparency, accountability and democratic control. The European model reflects the need to integrate different social, economic and political interests, without eliminating pluralism and national specificity. Therefore, the institutions are designed not to mechanically reproduce the structure of a state, but to balance internal diversity

and to transform political negotiation into a common legal framework.

The representative dimension of European democracy is visible, first of all, through the direct election of the European Parliament by citizens. Parliament participates in the adoption of legislation, exercises budgetary functions and controls over the Commission, thus contributing to the strengthening of political accountability at European level. At the same time, representation is also achieved through the Council and the European Council, where the governments of the Member States – which in turn derive from national elections – participate in the elaboration of decisions. This double representation explains why the EU does not function like a classic national parliament: decisions are the result of the interaction between the legitimacy of the citizens (through Parliament) and the legitimacy of the states (through their governments in the Council), which gives the process a specific complexity.

Participatory democracy complements representation, especially in contexts where European policies are technical and their effects are directly felt in everyday life. Participation involves public consultations, dialogue with civil society, petitions, hearings, citizens' initiatives and other forms through which institutions are obliged to take into account arguments coming from outside the political circle. A useful example from the perspective of practical understanding is that of environmental or consumer protection regulations: before adopting rules, institutions can consult specialist organisations, academia, professional associations and citizens. Even if participation does not eliminate conflict of interest, it increases the obligation to justify and reduces the risk that the decision will be perceived as arbitrarily imposed.

In discussions about legitimacy, the idea of the "democratic deficit" frequently appears, which must be treated as both a structural problem and a problem of perception. For the citizen, the European decision-making process can seem distant and opaque because it includes technical stages, committees, inter-institutional negotiations and compromises between states. Therefore, democracy in the EU is not assessed exclusively by the existence of European elections, but also by transparency, access to information, motivation of acts and the existence of real control mechanisms, including judicial ones. European legitimacy is not a static given, but is continuously built through the quality of procedures and the capac-

ity of institutions to explain why a rule is necessary and proportionate.

The European Parliament is the central actor of representative democracy at EU level, not only because it is directly elected, but also because of its real functions. It participates in the adoption of legislative acts together with the Council, has budgetary powers and exercises political control over the Commission through hearings, questions, resolutions and accountability mechanisms. In a realistic reading, the Parliament represents the space in which European political pluralism takes institutional form: political groups, negotiations, amendments and public debates that transform competing values and interests into legal rules and conditions of application. Especially in sensitive areas – data protection, freedom of expression, security – the Parliament can insist on guarantees, impact assessments and rigorous justifications, thus contributing to the "democratisation" of technical decision-making.

At the same time, national parliaments remain indispensable for the legitimacy of the EU, as the Union operates within the Member States and depends on them for implementation and political acceptance. The contribution of national parliaments is twofold. First, they scrutinise governments in European affairs: they can request negotiating mandates, ask for explanations and assess whether positions adopted in the Council reflect the public interest and domestic political commitments. Second, they have a formal role in the control of subsidiarity, being able to react when they consider that EU intervention in an area would be better carried out at national or local level. In practical terms, national parliaments function as a democratic 'anchor', bridging the gap between European decision-making and domestic political space.

For European democracy to be credible, the institutions must not only be representative but also accountable. This requires transparency in the decision-making process: access to documents, publication of legislative proposals, justification of acts, consultations, impact reports and political debates. In real life, transparency is not a simple administrative element, but a condition of democratic control: without visibility of the decision, there is no assessment of legitimacy and no political accountability. The relationship between the European Parliament and the Commission becomes central here: the Commission must justify its choices, and the Parliament can react politically when the direction promoted is

not socially acceptable or is not compatible with the values of the Union.

However, a structural reality must also be accepted: European negotiation involves many institutions and states, and some stages are inevitably less visible to the general public. In this context, the emphasis on accountability, justification and control becomes decisive: even if not all negotiations can be followed in detail, the result must be intelligible, reasoned and subject to legal control, where appropriate. Furthermore, the consolidation of European democracy depends on communication: if the EU remains associated with an inaccessible technical language, space is created for simplistic interpretations („Brussels imposes"), while the reality shows that national governments actively participate in the decision-making.

Public trust is built both through procedures (transparency, control, accountability) and through performance (the ability to produce solutions). Crises have shown this tension: rapid efficiency is required, but speed can reduce democratic deliberation. Finally, the fragmentation of the European public space remains a challenge: debates are predominantly national, and European issues are filtered through domestic policies, which limits the emergence of a coherent European public opinion. From an academic perspective, the realistic conclusion is that EU democracy is built in a multilingual and multilevel framework, and its consolidation requires transparency, European civic education, clearer communication and the active involvement of national parliaments.

10.2. The principles of subsidiarity and proportionality: normative content, control mechanisms and practical application in the European decision-making process.

Subsidiarity is one of the key principles by which the Union seeks to combine democratic legitimacy with effective governance. The basic idea is that the EU should intervene only when the objectives of an action cannot be sufficiently achieved by the Member States and can be achieved more effectively at Union level. Subsidiarity therefore does not mean an opposition to integration, but rather expresses a criterion for the allocation of decision-making: what is the optimal level of intervention – European, national or local?

The rationale for subsidiarity is twofold. In democratic terms, decisions taken closer to the citizen are usually easier to control and more sensitive to social and institutional particularities. In practical terms,

there are areas where action at national level is more effective due to the local context, legal traditions and administrative capacity. On the other hand, in areas with cross-border effects, with a risk of fragmentation of the internal market or with externalities between states, unilateral action by states may be insufficient. In these situations, subsidiarity justifies EU intervention to guarantee coherence, common standards and the efficient functioning of common policies.

The example of environmental and consumer protection illustrates the logic well: completely divergent standards could lead to unfair competition and create an unequal level of protection. In such cases, a common European framework can raise the general standard and reduce the exploitation of differences between regimes. On the other hand, in areas deeply linked to internal organisation (for example, certain components of educational or social policies), subsidiarity requires caution and rigorous justification.

Subsidiarity becomes legally and politically relevant precisely because it does not remain an abstract formula. When proposing a legislative act, the EU institutions must provide an explicit justification: why action at European level is necessary and why the Member States could not sufficiently achieve the objectives. The justification transforms subsidiarity into a verifiable criterion: it is not enough to say that "the European level is preferable", but must be demonstrated by arguments such as cross-border effects, the risk of fragmentation, economies of scale or the need for a common standard of protection.

This justification is also essential for democratic control. The European Parliament and national parliaments can assess the arguments and challenge, politically and institutionally, the appropriateness of EU intervention. Furthermore, justification contributes to transparency: the citizen can understand why the EU is acting and can assess whether the arguments are convincing. When justification is weak, it fuels the perception of excessive centralisation and weakens political legitimacy.

To operationalise subsidiarity control, the Treaties have established the early warning mechanism. National parliaments can examine draft legislation and submit reasoned opinions if they consider that the proposal infringes subsidiarity. If a certain threshold of opinions is reached, what is commonly called the "yellow card" or "orange card" is activated. The

mechanism does not automatically mean blocking legislation, but it forces the EU institutions to react: to re-examine the proposal, to amend it or to strengthen the justification. Thus, subsidiarity becomes a real institutional discussion, and national parliaments gain a formal voice in the European legislative process, strengthening the multilevel democratic dimension.

Proportionality complements subsidiarity. If subsidiarity indicates "who" should act, proportionality indicates "to what extent" they should act. The principle requires that EU action does not go beyond what is necessary to achieve the objectives of the Treaties. Even if intervention at European level is justified, it must be calibrated: fit for purpose, necessary and balanced in relation to the impact on states, economic actors and citizens.

In practice, proportionality is reflected in the choice of legal instrument and the intensity of the obligations. Sometimes a directive may be sufficient, leaving Member States flexibility in implementation; at other times, a uniform regulation is necessary to avoid fragmentation. Proportionality is also seen in the configuration of the rule: setting minimum standards, recognising justified exceptions, creating a margin for adaptation and avoiding excessively detailed regulation when this produces disproportionate costs. An important dimension is the analysis of alternatives: if the objective can be achieved by a less intrusive measure, this should be preferred. In this way, subsidiarity and proportionality work together as filters of legitimacy: one sets the appropriate level of intervention, the other sets the appropriate intensity.

10.3. Differentiated integration in the European Union: theoretical foundation, forms of manifestation and legal and institutional instruments.

Differentiated integration is a pragmatic response of the European Union to internal diversity: Member States do not always have the same pace of integration, the same administrative capacity, nor the same level of political acceptance for deepening cooperation. As the EU has expanded, differences in economic development, administrative traditions and political sensitivities have increased, and the idea of total uniformity has become, in certain areas, difficult to apply. Differentiated integration offers a compromise solution: it allows a group of states to advance in an area, without obliging all states to participate simultaneously.

Divergences may have economic (ability to enter into a common monetary regime), political (level of acceptance of the transfer of powers), institutional (preparedness of the administration) or legal (compatibility with the domestic constitutional order) causes. In such conditions, uniform integration would risk paralysis, as it would require complete consensus in a system where consensus is often difficult. Therefore, differentiated integration reduces the risk of blockage: the prepared states can advance, and the others can join later, when domestic conditions allow.

Crises have accelerated this logic. In times of pressure (economic, health, energy, security), the need for rapid response can conflict with the divergences between states. Differentiated integration becomes a tool for adaptation: it allows for common responses within a small circle, with the possibility of further expansion. However, this flexibility changes the political dynamics and raises questions about solidarity, cohesion and equality between members.

Differentiated integration can take several forms. Opt-out involves a state's non-participation in a particular policy or legal regime, based on established arrangements. The rationale is to avoid deadlock: the common project can move forward without forcing the state to immediately accept rules that it cannot or does not want. On a democratic level, opt-out can be justified by internal political specifics; on an institutional level, it is a concession to maintain the functionality of the Union.

Enhanced cooperation is a structured form, provided for by the Treaties, through which a group of states deepens cooperation in a field, within the EU institutional framework and subject to certain conditions. The defining element is that an „external alliance" is not created, but the Union's legal framework is maintained and the mechanism remains open to other states that wish to join at a later date. This form expresses a balance between flexibility and avoiding fragmentation.

The concentric circles model is an analytical representation: a core advances in certain areas, while other states remain in wider circles, participating in different levels of integration. The metaphor is useful didactically to show that integration is not always uniform, but it can be politically sensitive, as it suggests a hierarchical EU.

Examples are indispensable for understanding. The Schengen area illustrates deep integration in the areas of movement and police coopera-

tion, with gradual and conditional participation. The euro area reflects differentiated integration determined by economic and institutional criteria: participation requires the fulfilment of certain conditions and the ability to operate in a common monetary regime. Cooperation in the area of justice and home affairs provides examples of variable participation, influenced by sensitivities regarding sovereignty, security and fundamental rights, which necessarily requires procedural guarantees and standards of protection.

The advantages of differentiated integration are clear: it allows progress and avoids decision-making paralysis, offering flexibility and the possibility of gradual integration. At the same time, the risks are substantial. Regulatory fragmentation can generate confusion for citizens and businesses, and the perception of a „core" and a „periphery" can weaken political cohesion. Solidarity can be affected if differentiation is interpreted as an unequal distribution of benefits or responsibilities. Therefore, differentiated integration must be managed with clear criteria: openness to later accession, protection of the internal market, avoidance of discrimination and prevention of temporary differences turning into structural separations.

10.4. Implications for European governance and perspectives on the future evolution of the integration process.

Differentiated integration is not just a technical solution to overcome bottlenecks, but a phenomenon that can reshape EU governance. A first effect is felt on legal unity. The Union's legal order is based on the idea of a common framework that is uniformly applicable, so that the internal market, citizens' rights and legal predictability do not depend on geography. Differentiation, however, introduces stratifications: distinct regimes, different deadlines, different obligations and sometimes different control mechanisms. For the citizen, the effect can be confusing: certain rights or facilities work in one state and not in another, and the explanation becomes more complex than simple EU membership.

Politically, states participating in deep regimes tend to develop closer coordination, including informal coordination. This can produce more coherent policies, but it can also foster the perception that the agenda is set in a small circle and the rest of the states are merely adapting. In a Union based on equality among members, this perception can generate political distancing and a decline in trust.

For small states, differentiation creates a dilemma. Flexibility can protect them from premature commitments and give them time to build up administrative capacity. However, there is a risk of marginalization if strategic standards and directions are predominantly defined by a core. In practice, participation in advanced regimes involves adaptation costs: infrastructure, digitalization, vocational training, administrative reforms. Here, cohesion policy takes on a strategic function: it is not only an economic instrument, but also a convergence mechanism that supports the political unity of the Union. If differentiation expands without real convergence, inequalities deepen and cohesion becomes fragile.

Differentiation also influences enlargement. For candidate countries, flexibility can mean gradual, realistic integration with sectoral stages. But there is also a risk: if differentiation becomes excessive, accession may produce, de facto, a prolonged status of "outer circle members", without full access to the benefits and decision-making influence comparable to that of the core countries. This perspective may reduce the attractiveness of the European project and weaken the motivation for reforms.

In relation to the neighbourhood, differentiation intersects with partnership policy: agreements, sectoral cooperation, conditionality. The EU may allow participation in certain policies or the adoption of standards without membership, but this must be managed with strategic clarity. If too many "integration without membership" formulas are offered without a predictable horizon, ambiguity and potential frustration arise. At the same time, if conditionality is perceived as arbitrary, political resistance increases. Therefore, differentiation, enlargement and neighbourhood depend on clear criteria and transparent communication.

The future of European integration is often discussed in scenarios, and differentiated integration appears in most of them. One scenario is the consolidation of a core in strategic areas (security, defence, energy, taxation, industrial policy), with an EU evolving in circles. The advantage would be the ability to act quickly; the risk would be the emphasis on hierarchies. A second scenario is institutional reform to reduce the need for differentiation, by extending qualified majority voting in certain areas, so that blockages can be overcome without internal "clubs". However, this reform is politically difficult, because it touches on sovereignty sensitivities.

The formula "Multi-speed Europe" must be understood, rigorous-

ly, as having two distinct interpretations. It can describe a path towards convergence, in which everyone gradually reaches the same level, or it can describe a permanently differentiated structure, in which the speeds remain different. The difference between these interpretations is decisive for cohesion: temporary and open differentiation can manage diversity; permanent and opaque differentiation can weaken political unity.

In conclusion, differentiated integration is neither a panacea nor an inevitable danger. It is a governance tool in a diverse Union. Its effects depend on how it is used: clear criteria, openness to later accession, convergence mechanisms and a constant attention to democratic cohesion. When these conditions are met, differentiation can support the EU's ability to move forward without losing its identity as a community of shared values and rules.

10.5. The deliberative dimension of European democracy and the consolidation of the European public space: transparency, institutional communication and combating disinformation.

A full understanding of democracy in the European Union would remain incomplete if it were limited to the institutional architecture and the formal rules for decision-making. In practice, democratic legitimacy also depends on the existence of a functioning European public space, in which decisions are discussed, explained and challenged in an informed manner. This deliberative dimension is essential because the EU governs through complex rules with cross-cutting impacts, and citizens can accept or reject common policies not only based on their content, but also on their understanding of the decision-making process and the level of trust they place in the institutions.

Traditionally, democracy relies on a relatively clear circuit: elections – governance – accountability. In the EU, this circuit is more fragmented. The European decision is formed through negotiations between institutions and states, and accountability can be "diluted" in public perception: the citizen does not always distinguish who proposed the measure, who amended it, who blocked it or who negotiated the compromises. Under these conditions, public communication becomes a structural element of democratic governance. It is not about "institutional PR", but about the system's capacity to provide accessible, verifiable and comparable infor-

mation, so that the citizen can assess the legitimacy and efficiency of European action.

A major obstacle is the fragmentation of the public space. Debates are largely national, and EU issues are presented through the filter of domestic politics. In practice, the same European initiative can be described in completely different ways in different states, depending on government interests, political polarization or media logic. This fragmentation weakens the formation of a coherent European public opinion and makes it difficult to emerge as a European "demos" in the classical sense. However, the EU tries to compensate for this limitation through mechanisms of transparency, access to documents, institutional communication and by stimulating dialogue with civil society.

Transparency plays a dual role here. On the one hand, it allows for control: if documents are accessible, the institutions' positions are public, and the legislative reasoning is reasoned, then the decision becomes verifiable. On the other hand, transparency has a disciplinary function: institutional actors are forced to argue and justify, reducing the risk that the decision will be perceived as arbitrary. However, formal transparency is not always sufficient. Access to documents does not guarantee understanding, and EU documents are frequently technical. Therefore, a fundamental problem of European democracy is the translation of the technical into the intelligible, without distorting the content.

In recent years, this deliberative dimension has been strongly influenced by the phenomenon of disinformation and information competition. For the EU, disinformation is not only a media problem, but also one of democratic governance: if the public space is flooded with false narratives about institutions, policies or rights, then the democratic process is affected, because political preferences are formed on distorted bases. In areas such as migration, security, public health, economic sanctions or enlargement, disinformation can intensify polarisation, erode trust in institutions and weaken cohesion between Member States.

The democratic response to disinformation must be carefully constructed to avoid a dangerous tension: on the one hand, there is the need to protect the integrity of the public space; on the other, there is the obligation to respect freedom of expression and pluralism. For this reason, legitimate solutions in a democratic order cannot be reduced to general

prohibitions, but must include tools such as: increasing transparency on the sources and financing of content, strengthening media literacy, supporting quality journalism, cooperating with platforms within the limits of fundamental rights and developing mechanisms for verification and rapid reaction to coordinated campaigns. In legal terms, the criteria remain those established in the EU: legality, legitimate aim, necessity and proportionality, plus procedural guarantees and independent control.

A relevant element in this context is the role of civil society and academia. In a multilevel democracy, institutions cannot build legitimacy alone; they need credible intermediaries to explain, critique, and contextualize policies. Universities, think tanks, advocacy organizations, and the media can contribute to strengthening public deliberation through independent analysis and by translating legal debate into accessible arguments. At the same time, this deliberative infrastructure reduces the space for manipulation, as it offers alternative references to simplistic narratives.

In conclusion, European democracy is not limited to procedures and institutions. It also depends on the quality of the public space: how informed the debate is, how transparent the decisions are, how well the chain of accountability is understood and how resistant society is to disinformation. Strengthening this deliberative dimension is ultimately a condition for the legitimacy of the EU: citizens can support the integration project when they understand not only "what" the EU decides, but also "why" and "how" it decides.

Review problems

- Explain what democratic legitimacy means in the EU and why it is considered „multilevel" (citizens + member states).
- How is representative democracy reflected in the role of the European Parliament and the Council, and what type of democratic control results from this combination?
- What is the difference between representative democracy and participatory democracy in the EU and through what concrete instruments is participation expressed?
- Why is transparency a condition for political accountability in the EU? Indicate two situations in which a lack of transparency can weaken public trust.

- Critically analyze the idea of „democratic deficit": what are the main causes and what institutional/parliamentary solutions can reduce this deficit?
- Define the principle of subsidiarity and explain its rationale: when is it „better" for the EU to act and when for the Member States?
- What does the subsidiarity test entail and why is justification in EU acts essential for legitimacy and control?
- Describe the early warning mechanism of national parliaments (yellow/orange card): what does it aim to achieve and what effects does it produce in the legislative process?
- Explain the principle of proportionality and provide an example of a European measure that could be considered disproportionate, indicating the less intrusive alternative.
- Explain the concept of differentiated integration and compare its advantages and risks for EU unity and solidarity.

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UNIT XI: AREA OF FREEDOM, SECURITY AND JUSTICE (AFSJ).

11.1. The concept, objectives and legal basis of the Area of Freedom, Security and Justice within the European Union
11.2. Policies on external border management, visa regime, asylum and immigration in the AFSJ architecture
11.3. European judicial cooperation in civil and criminal matters: instruments, mechanisms and recent developments
11.4. The institutional configuration of the SLSJ, enforcement mechanisms and contemporary functional challenges
11.5. The freedom–security–fundamental rights dialectic in the SLSJ: critical analysis and perspectives for normative consolidation
11.6. The Republic of Moldova and the European Union's Area of Freedom, Security and Justice: the process of legislative convergence and difficulties in institutional implementation

The purpose of the topic:is to present, in an integrated and applied manner, the logic and functioning of the Area of Freedom, Security and Justice (AFSJ) as the core of European integration in the field of home affairs and judicial cooperation, emphasizing the interdependent relationship between free movement and security requirements, the development of common policies on borders, visas, asylum and immigration, the strengthening of judicial cooperation in civil and criminal matters, the role of EU institutions and agencies, as well as the set of guarantees that ensure respect for fundamental rights, so that students understand both the political rationale of this area and the legal mechanisms through which it is implemented and controlled.

Theme objectives: After studying the topic, students will be able to:

- to define the notion of an area of freedom, security and justice and to explain its role in the architecture of the European Union;
- to identify the legal bases and principles governing the functioning of the AFSJ and to explain the particularities of the EU's competences in this area;

- describe the relationship between Schengen, the abolition of internal border controls and shared responsibility for external borders;
- to present the main lines of EU policies on visas, asylum and immigration, highlighting the tensions between administrative efficiency, solidarity between states and the protection of rights;
- distinguish civil from criminal judicial cooperation, explaining the logic of mutual recognition and the specific instruments;
- to explain the minimum standards on procedural rights (right of defence, fair trial, protection of victims) applicable in judicial cooperation;
- to argue for the role of relevant agencies and networks (Europol, Eurojust, Frontex, EUAA) in coordination, information exchange and operational support;
- describe the role of the CJEU and national courts in the uniform interpretation of EU law and in ensuring effective remedies in the field of AFSJ;
- to critically analyze the current challenges of the SLSJ (migration, organized crime, terrorism, pressures on the rule of law) and to formulate legal arguments regarding the balance of freedom-security-justice.

11.1. The concept, objectives and legal basis of the Area of Freedom, Security and Justice within the European Union.

The Area of Freedom, Security and Justice (AFSJ) expresses one of the most complex constructions of the European Union, as it seeks to transform freedom of movement into a reality that is sustainable from a security perspective and coherent from a justice perspective. In a Union where the mobility of persons is a structural element of the internal market and of European citizenship, it is not enough that internal borders are open; it is necessary that the risks associated with mobility are managed through common policies and that rights and obligations are effectively applied across borders. The AFSJ should therefore not be seen as a sum of separate policies, but as an integrated architecture in which freedom, security and justice are mutually conditioned.

Freedom has a plural content. It includes, in the classical sense, free movement and the right of a person to establish, work, study or carry out

economic activities in another Member State. At the same time, in the EU logic, freedom has a fundamental rights dimension: privacy, data protection, freedom of expression, freedom of association and the right to a fair trial are elements that define the quality of a democratic political space. Security, in this context, refers to the capacity of states and the Union to prevent and combat cross-border risks: organised crime, terrorism, human trafficking, fraud, cybercrime or irregular migration exploited by trafficking networks. Justice is the component that transforms freedom and security into manageable legal realities: cooperation between courts, recognition of decisions, transfer of evidence, coordination of prosecutors, common procedural standards and mechanisms of judicial control.

In practical terms, the logic of the SLSJ can be observed in everyday situations. Moving a family to another Member State can generate disputes regarding child custody, recognition of documents, social rights or enforcement of judgments. A crime committed online in one jurisdiction and experienced in another requires rapid cooperation to identify the perpetrator and obtain evidence. A security measure adopted in a crisis context raises questions about proportionality and the effects on freedom of movement or privacy. The SLSJ is designed precisely to manage these tensions within a common legal order: freedom must be effective, security must be legal and controllable, and justice must go beyond the limits of an exclusively national perspective.

The evolution of the AFSJ reflects the transformation of the EU from a predominantly economic construct to a union in which the mobility of persons has gradually imposed common policies in traditionally sensitive areas. Initially, cooperation in asylum, immigration, police and criminal justice was largely intergovernmental: states collaborated but retained control over instruments and decisions. As it became clear that free movement could create vulnerabilities if there was no real coordination, the integration of these policies intensified. The Treaty of Amsterdam consolidated the communitarisation of some areas, and the Treaty of Lisbon strengthened the role of the EU institutions and extended legislative and judicial procedures in a manner closer to the Community method, enhancing democratic control and access to legal guarantees.

The functioning of the SLSJ is based on several key principles. Mutual recognition aims to reduce legal friction between systems: decisions and

acts adopted in one Member State must produce effects in another, under clearly defined conditions, in order to avoid reopening proceedings and to increase efficiency. Mutual trust is the premise of this logic: states accept the effects of acts „from outside" on the assumption that the other systems respect comparable standards of the rule of law and fundamental rights. However, this premise remains fragile when systemic problems arise in some states, and the tension between efficiency and the protection of rights becomes inevitable. Proportionality works as a constant filter: measures adopted in the name of security cannot go beyond what is necessary, and fundamental rights cannot be treated as secondary variables. In this sense, the SLSJ is also a laboratory of European legal maturity: combating risks must be done without eroding democratic standards.

From a competence perspective, the AFSJ highlights the specificity of the EU as a multi-level system. The Union has competences to adopt common rules and coordinate policies on asylum, immigration, judicial and police cooperation, management of external borders or exchange of information. However, Member States retain sensitive competences: the internal organisation of the judiciary, public order, national security, procedural traditions. This coexistence is inevitable and should not be read as a defect, but it does produce friction: the EU must demonstrate the added value of its intervention (subsidiarity), and the States must accept that cross-border problems cannot be managed exclusively through national reflexes.

11.2. Policies on external border management, visa regime, asylum and immigration in the AFSJ architecture.

Schengen is, for many citizens, the most visible expression of European freedom: movement without internal border controls. However, this freedom changes the geometry of security: if internal borders are relaxed, external borders become the focus of control. This leads to an essential logic: the elimination of internal controls is only sustainable if there is coherent management of external borders, common procedures and operational cooperation between states. In the absence of this coherence, states can resort to temporarily reintroducing internal controls, which shows the fragility of the balance between freedom and security.

The management of external borders includes control, surveillance, checks and cooperation, but in a European legal framework it cannot be

reduced to the idea of a "barrier". Controls must respect the dignity of the person, be non-discriminatory and include guarantees against arbitrary refusals. In practice, complex situations arise: vulnerable persons, unaccompanied minors, emergencies, lack of documents, suspicions of trafficking. Standardisation of procedures is necessary for efficiency, but it must leave room for individual assessment, otherwise the risk of rights violations increases.

Shared responsibility is a key principle, but the distribution of burdens is often asymmetrical. States located at the external borders bear greater pressure, while states in the interior may perceive the pressure as being "externalized". This asymmetry creates tensions over solidarity and the sharing of responsibilities. In reality, Schengen only functions stably when there is mutual support: resources, teams, coordination and compensation mechanisms. In times of crisis, the weakening of solidarity quickly translates into unilateral measures, the reintroduction of internal controls and the diminishing of mutual trust.

Visa policy is an access management tool, acting as a pre-filter between legitimate mobility and the risks associated with irregular immigration, security or fraudulent use of documents. At the same time, visa policy illustrates the structural tension between openness and control: mobility is important for the economy, education, social relations, but can be exploited by criminal networks. For this reason, the EU aims for coherence and predictability, so that the criteria are comparable between states and do not generate divergent practices.

European information systems support this coherence by providing relevant data for checks and alerts. They increase control capacity and can prevent fraud, but inevitably raise data protection and digital rights issues. The more data is collected and interconnected, the greater the operational efficiency, but also the risk of disproportionate surveillance, errors, profiling or unjustified uses. The legal framework must therefore include safeguards: differentiated access, purpose limitation, retention rules, rectification mechanisms and independent oversight. Without these, technology can create a new vulnerability: "systemic errors" that affect individuals without a clear path to remedy.

The Common European Asylum System arose from the need to avoid too great differences between states regarding protection standards and

application examination procedures. Without a common framework, the applicant would be attracted to jurisdictions perceived as more favourable and solidarity would be undermined. At the same time, an asylum decision has potentially dramatic consequences, which is why the procedural dimension becomes essential: information, a real hearing, an interpreter, legal assistance, individual assessment, the motivation of the decision and the possibility of effective challenge. The vulnerability of the applicant requires adjustments: minors, victims of trafficking or traumatized people cannot be treated identically in a standardized procedure without the risk of unfairness.

The distribution of responsibility between states is one of the most sensitive points. First-entry states are often under increased pressure, and differences over "who handles" applications and "who bears the costs" fuel political conflicts. In academic analysis, the triad must be constantly maintained: protection of the person, administrative efficiency and interstate solidarity. If one of these dimensions is neglected, the entire system becomes unstable, and the consequences are felt including in the functioning of Schengen.

EU immigration policies must be read through two complementary planes. On the one hand, legal immigration responds to economic and demographic needs, facilitating orderly channels for work, studies, research and family reunification. On the other hand, combating irregular immigration involves prevention, cooperation with third countries, combating trafficking and return procedures. Return is, however, one of the most sensitive interventions, as it can include administrative detention and risks to private and family life. Therefore, guarantees are decisive: reasoned individual decision, access to appeal, legal assistance, respect for the principle of non-refoulement in situations of serious risk and proportionality control, especially when children or vulnerable persons are involved.

Integration is the component that provides long-term sustainability. Even a sound legal framework can fail if social and economic integration remains insufficient. Integration requires access to education, the labour market, health, protection against discrimination and inclusion policies. The EU can support through standards and funding, but implementation remains largely national and local, which brings subsidiarity and structural differences between states back into question.

11.3. European judicial cooperation in civil and criminal matters: instruments, mechanisms and recent developments.

Civil judicial cooperation is one of the most „practical" forms of the AFSJ, even if it is often less visible to the public. The mobility of people and economic activities produces cross-border legal situations: divorces, inheritances, commercial disputes, consumer contracts, civil liability, enforcement of claims. In the absence of common mechanisms, these disputes would be slow and expensive, and rights would become difficult to exercise.

Recognition and enforcement of judgments is a central pillar. The aim is that a judgment given in one Member State can be enforced in another without disproportionately burdensome procedures, provided that procedural guarantees are respected. Such an approach strengthens the effectiveness of the law: judgments do not remain „local" and legal protection becomes compatible with cross-border life. Determining the jurisdiction of the courts is also of major importance, as it avoids abusive forum shopping and creates predictability. In areas such as consumer protection, the rules aim to reduce the vulnerability of the individual and prevent the dispute from being transferred to a jurisdiction that is practically inaccessible.

The applicable law completes this architecture: even if the competent court is established, it remains necessary to determine the applicable substantive rules. EU law seeks to balance the autonomy of the parties with the protection of vulnerable parties, so that the choice of law is not used as a tool to eliminate minimum protections. Procedural cooperation (transmission of documents, obtaining evidence, communication between courts, standardised procedures) makes these rules work in practice and reduces the length and costs of litigation.

Judicial cooperation in criminal matters is more sensitive because it involves the freedom of the individual and the coercive power of the state. However, modern crime is organised across borders and a strictly national response is becoming insufficient. Mutual recognition in criminal matters is intended to speed up cooperation: the European arrest warrant was designed to replace the classic extradition, which is often slow and politicised, and to facilitate surrender between states within a standardised legal framework.

However, efficiency cannot substitute for guarantees. Rapid surrender may increase the risk that the person will be exposed to unfair proceedings or conditions incompatible with human dignity. Therefore, criminal cooperation must be interpreted in the light of fundamental rights and the rule of law standards. In addition to the mandate, criminal cooperation includes the transfer of evidence, the freezing of assets, joint investigation teams and the exchange of information. Each instrument raises the same issue: necessity, proportionality and procedural protection.

Minimum standards on procedural rights are essential precisely because cross-border procedures can increase the vulnerability of the person: language barriers, lack of knowledge of the system, lack of social networks. The right to a defence involves information, access to a lawyer, an interpreter, reasonable time for the preparation of the defence and the possibility of an effective challenge. The protection of victims has also become a priority: information, support, protective measures and the recognition of these measures across borders, so that freedom of movement does not create additional vulnerability.

The European Public Prosecutor's Office (EPPO) is a relevant step, as it introduces a European investigation and prosecution capacity in a specific area: crimes affecting the EU's financial interests (fraud, embezzlement, corruption related to EU funds, cross-border VAT fraud). The logic is to overcome fragmentation and speed up investigations, without transforming criminal law into a general European competence. However, the legitimacy of the EPPO depends on the same requirements: judicial review, respect for the rights of the defence, proportionality and data protection.

11.4. The institutional configuration of the SLSJ, enforcement mechanisms and contemporary functional challenges.

The AFSJ operates through rules, but becomes operational through institutions and agencies that reduce fragmentation and facilitate real-time cooperation. In complex situations – criminal cases with elements in several states, pressures at borders, trafficking networks – cooperation needs points of contact, common analysis and coordination, otherwise it risks remaining formal.

Europol supports police cooperation through analysis, information exchange and support for investigations into serious and organised crime, ter-

rorism, human trafficking and cybercrime. It is essential to understand that Europol is not a "European police" in the classical sense, but an information and analysis hub that allows cases to be linked and patterns to be identified. Eurojust facilitates criminal judicial cooperation by connecting prosecutors and judicial authorities, supporting the establishment of jurisdiction, coordinating investigations and reducing the risk that evidence obtained in one state will become unusable in another due to procedural differences.

Frontex is the central actor in supporting the management of external borders through coordination, resources and joint operations. Precisely because border action directly affects vulnerable people, legitimacy depends on transparency, control and clear accountability. The EUAA supports states in the field of asylum through expertise, training and operational assistance, contributing to increasing administrative capacity and improving the quality of procedures. In the field of asylum, support is relevant not to speed up the decision at all costs, but to reduce the risk of uneven practices and insufficiently substantiated decisions.

The CJEU ensures the uniform interpretation of the EU rules governing the AFSJ and contributes to establishing the criteria for balancing security and freedoms, including through proportionality tests and by strengthening effective judicial protection. National courts, however, remain the first real level of protection, as they resolve concrete disputes: contesting a return decision, the lawfulness of a supervision measure, the enforcement of a foreign civil judgment, the application of a criminal cooperation instrument. The preliminary reference creates coherence: the national court asks the CJEU for clarification when the interpretation is uncertain, and the criteria established become benchmarks for the entire area.

Information sharing is inevitable for security, but it also represents a risky terrain for rights. Massive data collection, the interconnection of systems and profiling can erode privacy and generate errors with serious effects (refusal of entry, detentions, unjustified restrictions). That is why guarantees are essential: purpose limitation, differentiated access, independent control, rectification mechanisms and effective remedies. In their absence, technology can produce an "automatic injustice", difficult to challenge precisely because it appears "objective".

The challenges of the SLSJ are largely structural. Migration and asylum maintain tensions between solidarity and responsibility, and differences in

administrative capacity amplify political divergences. Organised crime and terrorism require rapid reactions and intensive information exchange, but speed can normalise the exception and weaken democratic control. Pressures on the rule of law represent, in the long term, the most serious vulnerability, as the SLSJ is based on mutual trust: if the independence of the judiciary, detention conditions or procedural guarantees are systemically affected, mutual recognition becomes unstable and cooperation slows down.

Finally, the AFSJ is an area in which the EU's capacity to remain a community of values under pressure is tested in a concrete way. Freedom of movement cannot be sustainable without security, but security cannot be legitimate without justice and guarantees. The stability of this area depends on clear rules, functional institutions, solidarity between states and, above all, on the fact that the protection of fundamental rights is not treated as a decorative element, but as a condition for the functioning of the entire structure.

Of course. I will add a new sub-point coherent with the structure of the chapter and some synthetic analytical tables, suitable for course notes and teaching support.

11.5. The freedom-security-fundamental rights dialectic in the SLSJ: critical analysis and perspectives for normative consolidation.

The area of freedom, security and justice is, in essence, a permanent balancing exercise between three normative poles: the protection of individual freedoms, the need to ensure collective security and the guarantee of justice through respect for fundamental rights. In theory, these dimensions are complementary; in practice, they can come into tension, especially in crisis contexts (mass migration, terrorist attacks, cyber threats, pandemics, regional instability).

The elimination of internal borders and increased mobility have produced obvious economic and social benefits, but have also amplified cross-border vulnerabilities. The response to these vulnerabilities has included strengthening information exchange, expanding databases, rapid criminal cooperation mechanisms and common operational tools.

However, any expansion of surveillance and control capabilities raises fundamental questions:

- Is this measure necessary in a democratic society?
- Is it proportionate to the aim pursued?
- Are there effective safeguards against abuse?
- Is there real judicial control?

In the absence of convincing answers, security may become a pretext for excessive restrictions on freedom, and trust in institutions may erode.

Table 11.1: Comparative analysis: Freedom vs. Security in the SLSJ

Size	Main objective	Tools used	Legal risks	Balancing mechanisms
Freedom	Free movement, protection of fundamental rights	Elimination of internal controls, mutual recognition, procedural standards	Fragmentation, uneven application	CJEU, national courts, Charter of Fundamental Rights
Security	Crime and terrorism prevention	Information exchange, Europol, European warrants, IT systems	Excessive surveillance, profiling, disproportionate restrictions	Proportionality test, judicial review, data protection
Justice	Effective enforcement of law across borders	Judicial cooperation, EPPO, Eurojust	Procedural differences, risk of unfairness	Minimum procedural standards, conditional recognition

The EU Charter of Fundamental Rights functions as a "constitutional framework" for the AFSJ. In areas such as:

- administrative detention,
- communications surveillance,
- surrender of persons by European warrant,
- return of migrants,
- use of databases,

Fundamental rights are not simple statements of principle, but criteria of legal validity.

In its case law, the CJEU insisted on:

- effective jurisdictional protection,
- proportionality control,

- prohibition of inhumane treatment,
- limiting massive data collection without clear guarantees.

Thus, fundamental rights are not an obstacle to security, but a condition of its legitimacy.

Table 11.2: Functional analysis of the main risks in the SLSJ

Field	Risk type	Practical example	Possible consequence	Legal solution
BORDER	Arbitrary refusal of entry	False alert in computer system	Violation of the right to free movement	Objection and rectification procedure
Asylum	Superficial accelerated procedure	Lack of individual assessment	Illegal return	Right to suspensive appeal
Criminal cooperation	Automatic submission without checks	European warrant applied without analysis	Unfair trial	Control of systemic conditions
Personal data	Excessive storage	Database interconnection	Profiling and generalised surveillance	Purpose limitation, independent control

For the SLSJ to remain functional and legitimate in the long term, the following are essential:

- Strengthening judicial control mechanisms.National courts and the CJEU must remain active actors in verifying the proportionality and legality of measures.
- Strengthening interstate solidarity.Without a fair distribution of responsibilities, especially in the areas of asylum and external borders, the balance of the system becomes unstable.
- Procedural standardization while respecting diversity. Excessive standardization can generate political resistance; lack of coordination produces fragmentation.
- Investments in administrative and technological capacity. Efficiency should not be achieved by simplifying rights, but through professionalization and responsible digitalization.

The AFSJ represents one of the most sensitive and dynamic areas of European integration. It constantly tests the Union's ability to combine:

- mobility without internal borders,
- security in an unstable global environment,
- compliance with the standards of the rule of law.

If freedom is unprotected, it becomes vulnerable. If security is disproportionate, it becomes arbitrary. If justice is fragmented, cooperation erodes.

Therefore, the balance between freedom, security and justice is not a fixed point, but a continuous process of legal and political adjustment. The maturity of the AFSJ does not lie in the elimination of tensions, but in the ability to manage them through clear rules, democratic control and effective respect for fundamental rights.

11.6. The Republic of Moldova and the European Union's Area of Freedom, Security and Justice: the process of legislative convergence and difficulties of institutional implementation.

The Republic of Moldova, as a candidate state for accession to the European Union (from 2022), is in an accelerated process of legislative and institutional harmonization with the EU acquis, including in the field of the Area of Freedom, Security and Justice (AFSJ). This chapter of the negotiations is one of the most complex, as it involves structural reforms in sensitive areas: justice, combating corruption, border management, migration, protection of fundamental rights and police cooperation.

For the Republic of Moldova, approaching the AFSJ does not only mean adopting technical norms, but also strengthening the rule of law and mutual trust - an essential condition for participating in mechanisms such as mutual recognition or enhanced judicial cooperation.

Table 11.3: Comparative analysis: EU – Republic of Moldova in the field of AFSJ

Field	European Union	Republic of Moldova	Challenges for convergence
Borders and Schengen	Area without internal controls; common management of external borders	Visa liberalized regime with the EU (since 2014); own border control	Strengthening infrastructure and systems interoperability
Asylum policy	Common European Asylum System; harmonised minimum standards	National asylum system under modernization	Limited administrative capacity; regional pressures
Criminal cooperation	European arrest warrant; Eurojust; EPPO	Bilateral cooperation and through international conventions	Adaptation to EU standards on procedural rights
Information exchange	Integrated IT systems (SIS, VIS, etc.)	National systems; cooperation through traditional channels	Interoperability and data protection
Data protection	Consolidated regime, independent control	Modernized regulation, but variable implementation	Independence of the supervisory authority
The rule of law	Consolidated standard; CJEU control	Deep reform underway (external evaluation, vetting)	Strengthening the independence of the judiciary

The Republic of Moldova has benefited from a visa liberalization regime for its citizens in the Schengen area since 2014, which is a concrete example of successful sectoral integration. The liberalization was conditioned by reforms in the areas of biometric documents, border management, combating illegal migration and data protection.

In the regional geopolitical context, the Republic of Moldova has also become a transit and refuge state, especially during the conflict in Ukraine. This reality has tested institutional capacity and demonstrated the need for cooperation with the EU and European agencies.

The main challenges remain:

- modernization of border infrastructure;
- strengthening cross-border police cooperation;
- developing effective and fundamental rights-compliant mechanisms in the field of return and asylum.

A central element for the rapprochement with the AFSJ is the reform of the judiciary. In the EU, judicial cooperation is based on the principle of mutual trust. Without an independent and efficient judiciary, this trust cannot exist.

The Republic of Moldova has initiated major reforms:

- external evaluation of judges and prosecutors (vetting),
- strengthening anti-corruption mechanisms,
- adjusting the legislation on the independence of the judiciary.

However, challenges persist:

- stability of reforms in a fluctuating political context,
- limited administrative resources,
- public perception of the integrity of the system.

For accession to mechanisms similar to those in the EU (such as the European arrest warrant or enhanced cooperation), the irreversible consolidation of the rule of law is a sine qua non condition.

The EU mainstreams the protection of fundamental rights in all AFSJ policies. For the Republic of Moldova, this means:

- guaranteeing effective access to justice;
- compliance with procedural standards in criminal matters;
- personal data protection in the digital context;
- non-discriminatory treatment in the field of migration and asylum.

Approaching European standards involves not only legislative changes, but also changes in institutional practice and legal culture.

The area of freedom, security and justice represents one of the most advanced and sensitive dimensions of European integration, as it directly intersects individual freedoms, collective security and the functioning of judicial systems. For the European Union, the AFSJ is the expression of legal maturity: freedom of movement cannot exist without effective police cooperation; security cannot be legitimate without procedural guarantees; and justice cannot remain limited by borders in an integrated internal market.

For the Republic of Moldova, approaching this space is not just a technical exercise of legislative harmonization, but a process of structural transformation of the state. Integration into the AFSJ logic implies strengthening the independence of justice, professionalizing law enforcement institutions, modernizing information systems, real protection of

fundamental rights and developing an institutional culture based on responsibility and transparency.

At the same time, convergence is not a one-way process. The EU itself faces major challenges: migratory pressures, sophisticated organised crime, cyber risks, tensions over the rule of law in some Member States. Therefore, integration into the AFSJ does not offer a static model, but involves participation in a dynamic system, constantly adjusting.

The key to success for the Republic of Moldova lies in the irreversible consolidation of the rule of law and in building solid institutional trust, both internally and in relation to European partners. In the absence of mutual trust, recognition and cooperation mechanisms remain fragile. In its presence, however, the benefits are significant: increased protection of citizens, judicial efficiency, strengthened security and real integration into the European legal architecture.

Thus, the relationship between the Republic of Moldova and the AFSJ must be understood as a process of normative and institutional convergence, oriented not only towards formal accession, but towards assuming the fundamental values that define the Union: freedom, rule of law, solidarity and respect for human dignity.

Review problems

- Explain why the SLSJ is designed as an integrated „package" and why freedom of movement cannot work without security and justice.
- How does the logic of states' responsibilities change after the elimination of internal border controls in Schengen?
- What are the main legal risks of border policies when security becomes the dominant objective?
- What role does visa policy play in the balance between legitimate mobility and risk prevention?
- Why is the asylum procedure decisive for the protection of rights and what are the minimum guarantees required?
- Analyze the tension between solidarity and responsibility in the distribution of burdens regarding asylum and immigration.
- Why is the recognition of civil judgments essential for the effective protection of rights in cross-border disputes?

- The European Arrest Warrant: what problem does it solve and what risks arise for rights if safeguards are lacking?
- Compare the roles of Europol and Eurojust and explain why police-justice coordination is crucial in cross-border cases.
- How can information sharing and surveillance become disproportionate and what safeguards are needed to protect data and privacy?

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UNIT XII: EUROPEAN UNION INSTITUTIONS.

12.1. Institutional architecture of the European Union: distribution of powers, interinstitutional balance and operating principles.

12.2. The fundamental decision-making institutions of the European Union: the role and powers of the European Parliament, the Council of the European Union and the European Council in the policy-making process.

12.3. Executive function and the right of legislative initiative in the European Union: the powers of the European Commission and the external role of the European External Action Service.

12.4. Control, jurisdiction and consultation institutions in the EU system: the powers of the Court of Justice of the European Union, the European Court of Auditors, the European Central Bank and the advisory bodies.

The purpose of the topic:consists of an in-depth analysis of the institutional architecture of the European Union, in order to understand the mechanisms for distributing powers, the inter-institutional balance and the way in which the EU institutions interact to adopt, implement and control European policies. The theme aims to explain the logic of the functioning of the European institutional system, highlight the legal principles that govern its activity and clarify the role of each institution within the Union's decision-making process.Through this approach, students will gain a systemic perspective on how the EU combines democratic representation, representation of member states, and the promotion of the general European interest, in a multilevel governance model characterized by cooperation, negotiation, and legal control.

Theme objectives: After studying this topic, students should be able to:

- explain the structure of the institutional architecture of the European Union and identify the fundamental roles of the European Parliament, the Council of the European Union and the European Commission in the decision-making process.
- to analyse the operating principles of the European institutional system, including the principle of conferral of powers, subsidiarity, proportionality and loyal cooperation.

- to distinguish between the legislative role and the strategic role of the main institutions, highlighting the difference between the Council of the European Union and the European Council.
- describe the mechanism of the ordinary legislative procedure, including the formal stages, trilogues and the formation of the interinstitutional compromise.
- explain the functions of the European Commission as legislative initiator, European executive and guardian of the treaties.
- to interpret the role of control and jurisdiction institutions, in particular the Court of Justice of the European Union and the European Court of Auditors, in ensuring legality and institutional accountability.
- differentiate between delegated acts and implementing acts, understanding the importance of comitology for the uniform application of EU law.
- to assess the contribution of advisory bodies (European Economic and Social Committee, Committee of the Regions) to strengthening the social and territorial dimension of European governance.
- to apply theoretical knowledge to the analysis of concrete situations, such as the adoption of a European regulation or the management of an infringement procedure.
- to formulate a critical assessment of the legitimacy and efficiency of the EU institutional system, in the context of current political and economic developments.

12.1. Institutional architecture of the European Union: distribution of powers, interinstitutional balance and operating principles.

The institutional architecture of the European Union (EU) constitutes the operational foundation of the European integration project and reflects a specific institutional solution, distinct from both the classical models of international organizations and the structures of federal states. The essential peculiarity of this architecture is the deliberate distribution of power between institutions, so that the decision-making process cannot be monopolized by a single center. Through this, the EU simultaneously pursues three objectives: (1) democratic legitimacy, (2) interstate acceptability, (3) legal and functional coherence of common policies.

At the heart of the system is the configuration frequently described in the literature as the "institutional triangle": the European Parliament, the Council of the European Union and the European Commission. The metaphor is relevant not only didactically, but also analytically: it captures the fact that the main legislative and political-administrative decisions are built through institutional interdependence, negotiation and compromise. In practical terms, no institution "governs" alone: the Parliament expresses the voice of the citizens, the Council aggregates the will of the governments, and the Commission represents the general interest of the Union, having a role of initiative, coordination and supervision.

1) The logic of „institutional balance" and its significance-Institutional balance should not be understood as a simple accounting division of powers, but as a mechanism to prevent abuse and increase the quality of decision-making. In the EU, an important regulation comes into existence after having passed through several „filters": political debate, negotiation between states, technical and legal verification, public consultation and, subsequently, judicial control. For this reason, the European decision-making process may seem slow, but it frequently produces more robust, better justified and more difficult to arbitrarily overturn results.

In the ordinary legislative procedure, Parliament and the Council are co-legislators. This has major implications: the European legislative act simultaneously acquires democratic legitimacy (through the representation of citizens) and state legitimacy (through the participation of governments). The Commission, as a rule, initiates and supports the negotiation, ensuring the coherence of the proposal with the Treaties, with the strategic objectives and with the functionality of the internal market.

2) Operating principles: conferral of powers, subsidiarity, proportionality, loyal cooperation. The functioning of the EU institutions is framed by principles that define the limits of European intervention and rationally justify joint action:

a) The principle of attribution of powers: The EU acts only in areas where the Member States have conferred competences on it in the Treaties. This principle explains why, in certain policies (internal market, competition, trade), the EU has powerful instruments, while in others (education, culture, certain segments of social policies), the EU's role is more of a coordinating or supporting one.

b) Subsidiarity: in areas of shared competence, the EU should intervene only if the objectives cannot be sufficiently achieved by the Member States and can be achieved more effectively at European level. Subsidiarity is not a rhetorical formula, but a criterion of political and legal justification; it obliges the initiator (usually the Commission) to demonstrate the „European added value" of the intervention.

c) Proportionality: even when the EU has competence and intervention is justified, measures must be calibrated – fit for purpose and limited to what is necessary. In practice, proportionality becomes crucial in relation to the administrative burdens imposed on states and economic actors: excessive regulation can generate disproportionate compliance costs and negative political reactions.

d) Loyal cooperation: The EU and its Member States are obliged to cooperate sincerely to achieve common objectives. In a system where implementation occurs largely at national level, this principle becomes a condition for functioning: without loyal cooperation, the internal market, common policies and mutual trust would be structurally fragile.

3) Multilevel governance, EU agencies and the issue of accountability-The EU operates through multi-level governance: rules are adopted at European level, and their actual implementation is often carried out by national, regional and local administrations. The EU does not have a single, state-like administration that directly implements all policies. Instead, the mechanism is based on decentralised, coordinated and supervised implementation at European level.

In this framework, EU agencies have a role of specialization and support: they provide expertise, contribute to standardization, coordinate practices and reduce the risk of fragmented implementation. However, the increasing role of agencies and technical expertise raises a classic governance question: how is democratic accountability ensured in a system where technical decisions can have significant social and economic effects? The institutional answer is a combination of parliamentary control, procedural transparency, legal accountability and financial audit.

12.2. The fundamental decision-making institutions of the European Union: the role and powers of the European Parliament, the Council of the European Union and the European Council in the policy-making process.

The European Parliament is the institution that directly expresses the representation of EU citizens and whose legitimacy derives from periodic elections across the Union. The European elections of 6–9 June 2024 elected a 720-member Parliament for the 2024–2029 term. This development should be interpreted as part of a trend towards strengthening the role of the Parliament in the EU architecture, in particular by expanding the areas in which the ordinary legislative procedure is dominant.

Representation is based on the principle of degressive proportionality, which combines two requirements: respect for the demographic dimension and the protection of smaller states against structural marginalization. Significantly, MEPs organize themselves in transnational political groups, which suggests that European politics is structured not only on national interests, but also on ideological orientations and common political programs.

The functions of Parliament are essentially three:

1. Legislative function– co-legislator together with the EU Council; influences the content of the rules through amendments, negotiations and interinstitutional compromises.

2. Budgetary function– participates in the adoption of the EU budget and in defining spending priorities, which gives a political dimension to the management of European resources.

3. The function of democratic control– exercises control over the Commission, including through hearings, parliamentary questions, committees of inquiry and the discharge procedure. In the logic of European legitimacy, this function becomes critical, since the European executive does not result from a direct governmental election.

The Council of the European Union represents the governments of the Member States and functions as a central decision-making actor, especially in its role as co-legislator and policy coordinator. The Council's particularity is its variable composition: it meets in sectoral formations (e.g. foreign affairs, ECOFIN, agriculture, justice and home affairs), which transforms it into a decision-making space where ministerial expertise is combined with political negotiation.

The voting regime is decisive for understanding institutional dynamics:

- Qualified majority voting is used in many areas, which reduces the risk of deadlock;
- in sensitive areas (for example, certain segments of foreign policy or taxation) unanimity persists, maintaining the power of the national veto.

In practice, even when qualified majority would allow for rapid adoption, the Council develops a culture of broad compromise, in order to preserve cohesion and avoid polarization. Thus, the Council is not just a „voting room", but a mechanism for aggregating national preferences in a legally institutionalized form.

The European Council brings together the heads of state or government and is responsible for defining the strategic directions of the EU. Unlike the EU Parliament and Council, the European Council does not usually adopt detailed legislation; it sets priorities, provides political impetus and intervenes in situations of deadlock or crisis.

A relevant element for the current understanding of the architecture is the role of the President of the European Council, who leads the work and represents the EU at its external level on foreign and security policy issues. The official website of the Council indicates that António Costa is the President of the European Council.

In recent years, the European Council has emphasized its profile as a „center of political gravity" in security, energy, competitiveness and strategic resilience files - areas where technical decision-making is inseparable from political consensus at the highest level.

12.3. Executive function and the right of legislative initiative in the European Union: the powers of the European Commission and the external role of the European External Action Service.

The European Commission is the executive core and the driving force of European integration, being the institution that promotes the general interest of the Union beyond the predominantly intergovernmental logic of the Member States. In the institutional architecture established by the Treaties, the Commission occupies a distinct position: it does not represent national governments, but the Union as an autonomous legal entity, with the mission of ensuring the coherence, continuity and efficiency of European action.

In the current institutional cycle, the Commission led by Ursula von der Leyen (2024–2029) began its second mandate on 1 December 2024, marking a stage of consolidation of strategic priorities such as the green transition, economic competitiveness, energy security, digitalisation and the strategic autonomy of the Union. Continuity of leadership provides a rare institutional stability in the EU architecture, but at the same time raises increased demands on performance and decision-making legitimacy.

The Commission's almost exclusive monopoly of legislative initiative under the ordinary legislative procedure gives it a central position in the European legislative process. However, this power is not discretionary. It is exercised within a sophisticated system of procedural guarantees, based on:

- ex ante impact assessments;
- public consultations and structured dialogue with stakeholders;
- cost-benefit analyses;
- checking compatibility with the principles of subsidiarity and proportionality.

From the perspective of the subsidiarity principle, the Commission must demonstrate that the objectives of the proposal cannot be achieved sufficiently efficiently at national level and that intervention at Union level generates European added value. This justification is tripartite: political (coherence with EU priorities), technical (empirical basis) and legal (compliance with the Treaties).

It can thus be observed that the European legislative initiative is not the expression of a simple political will, but the result of a complex methodological architecture, designed to ensure the quality of regulation („better regulation") and to limit the risk of overregulation.

As the „guardian of the Treaties", the Commission ensures that EU law is applied correctly and uniformly in all Member States. In a system where enforcement is largely carried out by national authorities, the main challenge is not to draw up the rules, but to implement them consistently.

The main instrument used for this purpose is the infringement procedure. This involves a pre-litigation dialogue, followed, if necessary, by referral to the Court of Justice of the European Union.

The Commission's role in this matter goes beyond the technical dimension: it contributes to strengthening mutual trust between Member States. The internal market, the customs union or the area of freedom,

security and justice can only function if the rules are applied comparably and predictably in all jurisdictions. The supervisory function is therefore essential for maintaining the integrity of the European legal order.

At the executive level, the Commission manages the Union budget and coordinates the implementation of a wide range of policies and programmes: cohesion policy, common agricultural policy, research and innovation programmes, recovery and resilience mechanisms, external action instruments.

This function highlights a structural tension in European governance: objectives are set at the supranational level, but implementation depends substantially on the administrative capacity of member states and regional authorities.

Problems such as:

- the rate of absorption of funds,
- the quality of the projects,
- control of resource use,
- fraud prevention,
- performance evaluation, become essential variables in the analysis of the efficiency of the Commission's action.

In this context, audit and control mechanisms, including collaboration with the European Court of Auditors and the European Anti-Fraud Office, contribute to strengthening financial accountability and transparency.

The European External Action Service (EEAS) was created to strengthen the coherence and visibility of the Union's external action. It operates at the intersection of the Community and intergovernmental dimensions.

At the heart of this architecture is Kaja Kallas, the current High Representative of the Union for Foreign Affairs and Security Policy (term starting in December 2024), who also serves as Vice-President of the Commission. This dual institutional positioning aims to reduce fragmentation between trade, development, energy, migration and security policies.

The European Union is not a state and does not have exclusive competence in all areas of foreign policy. The consensus of the member states often remains decisive. However, the EU exerts considerable influence through:

- economic sanctions,
- trade and association agreements,
- political and financial conditionality,
- normative standards with global impact,
- external financial instruments.

This ensemble justifies the characterization of the EU as a "normative power" and a "market power." The network of Union delegations around the world helps to articulate a more coherent and visible external voice.

In the period 2024–2029, the Commission faces a complex geopolitical and economic environment: intensified global competition, accelerated technological transformations, energy crises, migratory pressures and the need to strengthen European security.

The concept of „resilience" is becoming a cross-cutting pillar of European policies. From supply chains and energy security to digital infrastructure and industrial capacity, the Commission is promoting an integrated approach, combining the internal market with industrial policy instruments and strategic protection.

At the same time, democratic legitimacy remains a central theme. Although the Commission is invested by the European Parliament and politically accountable to it, the perceived distance between the European level and citizens requires increased attention to transparency, communication and institutional accountability.

The European Commission is not just an administrative executive, but an institution with a strategic vocation. It combines the technocratic dimension (analysis, evaluation, regulation) with the political dimension (priority setting, coordination, negotiation).

Through legislative initiative, legal supervision and executive management, the Commission ensures the coherent functioning of the European system. Through cooperation with the EEAS and its external instruments, it contributes to the assertion of the Union as a global actor.

Thus, in the current dynamics of European integration, the Commission remains the central pillar of the continuity of the European project, guarantor of the general interest and promoter of governance based on rules, responsibility and solidarity.

The Commission's position must be analysed in the light of the principle of institutional balance, enshrined in the case law of the Court of Justice of the European Union. Although it has a monopoly on legislative initiative in most areas, the Commission does not legislate alone. Its proposals are subject to debate and amendment in the ordinary legislative procedure, involving the European Parliament and the Council of the European Union.

This distribution of powers reflects a dual legitimacy:

- direct democratic legitimacy (through Parliament),
- state legitimacy (through the Council).

The Commission, in this framework, becomes a technical and political mediator between the divergent interests of the Member States and the strategic priorities of the Union. Its capacity to negotiate and formulate legislative compromises is essential for the functioning of the system.

At the same time, the Commission is subject to political control: Parliament can adopt a motion of censure and Commissioners are heard individually before being sworn in. This mechanism strengthens democratic accountability and limits the risk of „technocratic slippage".

In the area of economic governance, the Commission plays a central role in coordinating the budgetary and macroeconomic policies of the Member States, in particular within the Economic and Monetary Union. Through instruments such as the European Semester, assessments of macroeconomic imbalances and the monitoring of fiscal discipline, the Commission contributes to the stability of the euro area.

This function involves a delicate balance between:

- national budgetary sovereignty,
- the need for coordination at European level,
- financial solidarity between states.

Recent crises have led to the extension of the Commission's executive and supervisory powers, strengthening its role in managing common financial instruments and in assessing structural reforms undertaken by Member States. An aspect often underestimated in the Commission's analysis is the size of the European administrative capacity. Although the European administration is relatively small compared to national government apparatuses, the regulatory and financial impact of its decisions is significant. The effective functioning of the Commission requires:

- specialized technical expertise,
- inter-service coordination,
- internal control and audit mechanisms,
- procedural transparency.

The quality of policy-making depends on the competence of the European civil service and on cooperation with national experts, decentralised agencies and European administrative networks. In this respect, the Com-

mission acts as a coordination node in a multi-level administrative network.

The European External Action Service strengthens the Union's external role by integrating diplomatic, trade and financial instruments. In the context of the current mandate of the High Representative, Kaja Kallas, the focus is on strategic coherence, democratic resilience and European security. The network of EU delegations functions as an extension of the Commission and the Council in external relations, facilitating political dialogue, economic cooperation and the implementation of international agreements. The quality of policy-making depends on the competence of the European civil service and on cooperation with national experts, decentralised agencies and European administrative networks. In this respect, the Commission acts as a coordination node in a multi-level administrative network. The network of EU delegations functions as an extension of the Commission and the Council in external relations, facilitating political dialogue, economic cooperation and the implementation of international agreements. Conceptually, the Union is often described as a „normative power" because its influence derives from:

- the ability to set global standards,
- the size of the domestic market,
- conditionality attached to external agreements,
- promoting democratic values and the rule of law.

This dimension gives the Commission a strategic role in defining the Union's position in a multipolar international system.

The Commission faces multiple structural challenges:

The institutional analysis of the European Commission cannot be separated from the theoretical debate on the nature of European integration. In the literature, the Commission is often associated with the „Community method", characterized by:

- supranational legislative initiative,
- majority decision in the Council,
- co-decision with Parliament,
- judicial control exercised by the Court of Justice of the European Union.

This method contrasts with the intergovernmental logic, dominant in certain sensitive areas (common foreign and security policy, certain fiscal or defence issues). In this context, the Commission acts as a promoter of

deep integration, favouring common solutions and regulatory harmonisation. However, the balance between the supranational and intergovernmental dimensions is dynamic. Successive enlargements of the Union, the diversity of economic and cultural interests and the increase in geopolitical pressures have increased the complexity of the decision-making process. Consequently, the Commission's role is often that of facilitator and architect of compromise, rather than of unilateral actor.

A central element of the current agenda is the digital transformation of the European economy and society. In this area, the Commission plays a strategic role, combining the regulation of digital markets with the stimulation of innovation and the protection of fundamental rights.

Regulations on digital services, data protection, artificial intelligence and cybersecurity reflect the Commission's ability to act as a global regulator. The size of the internal market gives the Union considerable regulatory power: European standards tend to influence economic actors globally.

This "normative projection" highlights the interdependence between the internal market and external policy. Legislative instruments adopted at European level have indirect extraterritorial effects, strengthening the Union's role in defining the rules of the digital economy. The Commission is responsible for implementing the Union budget in cooperation with the Member States. The EU budget, although relatively modest compared to national budgets, is of major strategic importance, guiding investments in areas such as economic cohesion, research, infrastructure, the green transition and external support. Financial management involves:

- multiannual programming,
- ex ante and ex post control,
- audit and reporting,
- preventing conflicts of interest.

In this framework, collaboration with the European Court of Auditors is essential to ensure financial accountability. The rule of law conditionality mechanisms have also introduced an additional dimension of control, linking access to funds to respect for the fundamental values of the Union. The implementation of European policies requires close administrative cooperation between the Commission and national authorities. In practice, this relationship is characterised by:

- permanent dialogue,

- exchange of information,
- coordination mechanisms,
- possible conflicts regarding the interpretation of the rules.

Infringement procedures illustrate this structural tension. Although their purpose is to ensure compliance, they can generate intense political debates at national level. However, from a systemic perspective, these mechanisms contribute to strengthening the European legal order and preventing fragmentation of the internal market.

In the current mandate, the leadership of the Commission under Ursula von der Leyen is focused on strengthening European resilience and strategic autonomy. This approach reflects the Union's adaptation to an unstable international environment marked by technological competition, energy transition and geopolitical tensions.

The leadership of the Commission involves:

- defining annual and multiannual priorities,
- coordination of the portfolios of the Commissioners,
- external representation of the Union in areas of Community competence,
- crisis management.

The collegial structure of the Commission implies collective responsibility, but also the distribution of thematic portfolios, which requires internal coordination mechanisms to avoid fragmentation. The European External Action Service works in close cooperation with the Commission, in particular in areas such as trade policy, development cooperation and economic sanctions. Under the leadership of the current High Representative, Kaja Kallas, the focus is on strengthening coherence between the Union's internal and external instruments. This integration between internal and external policies reflects the evolution of the Union from a predominantly economic project to a geopolitical actor. Environmental standards, trade regulations and democratic conditionality are becoming instruments of global influence.

The Commission's development prospects are linked to several major directions:

- Strengthening strategic autonomy – reducing external dependencies in critical areas.
- Simplifying the regulatory framework – increasing regulatory efficiency.

- Strengthening the democratic dimension – increasing transparency and citizen participation.
- Differentiated integration – managing the diversity of member states without compromising the unity of the European project.

In all these directions, the Commission will continue to play the role of initiator and coordinator of the integration process.

The European Commission is the executive and strategic pillar of the European Union. It ensures regulatory coherence, institutional continuity and the implementation of common policies. Through legislative initiative, legal supervision and executive management, the Commission contributes to the efficient functioning of the European system.

In a context characterized by profound economic, technological and geopolitical transformations, its role goes beyond technical administration: the Commission becomes the architect of European resilience, promoter of strategic autonomy and guarantor of the general interest of the Union.

Thus, the European Commission's analysis reveals not only the functioning of an institution, but the very dynamics of European integration – a continuous process of balancing between unity and diversity, between national sovereignty and common action, between democratic legitimacy and administrative efficiency.

12.4. Control, jurisdiction and consultation institutions in the EU system: the powers of the Court of Justice of the European Union, the European Court of Auditors, the European Central Bank and the advisory bodies.

Court of Justice of the European Union(CJEU) is the judicial pillar of the EU and the guarantor of the coherence of European law. In a legal area where the rules are common but the application is carried out by national authorities and courts, the risk of divergent interpretations is structural. The CJEU reduces this risk through case law, establishing uniform criteria for interpretation and application. A central instrument is the preliminary reference, which connects the national judge to the European court: the national judge applies EU law, and the CJEU clarifies the meaning of the rule, protecting the unity of the system. This creates a form of "vertical judicial cooperation" that transforms EU law into an effective legal order, not a set of recommendations.

The CJEU also exercises control over the legality of acts of EU institutions: European policy, even if it responds to needs, cannot exceed the conferred powers or violate fundamental rights and general principles.

European Court of Auditors is the external audit institution that verifies the legality and regularity of EU revenue and expenditure, as well as sound financial management. This distinction is essential for contemporary governance analysis: an expenditure can be legal and yet inefficient, poorly targeted or with little impact.

Through reports and recommendations, the Court of Auditors supports not only financial discipline but also policy improvement. In a context where a significant part of funds is managed in partnership with the states, audit becomes a tool for protecting public trust and strengthening accountability.

European Central Bank (ECB) it is the central monetary institution for the euro area and operates under a specific mandate with a high degree of independence. In the EU's logic, the ECB is not an „economic government", but an institution with a primary role in monetary policy and price stability, whose decisions, however, influence the general conditions of the economy.

The ECB operates within the Eurosystem (ECB + the national central banks of the euro area), and its role in financial stability has been enhanced through banking supervision mechanisms associated with the Banking Union. For institutional analysis, this is relevant because it introduces a strong technical governance dimension, where transparency, public communication and accountability become components of legitimacy.

European Economic and Social Committee (EESC) and Committee of the Regions (CoR) are consultative bodies that complement the institutional system by introducing a participatory, socio-economic and territorial dimension. They do not adopt legislative acts, but contribute to the quality of the decision-making process through opinions and evaluations.

The EESC broadly represents the social partners and organised civil society, and its practical value lies in its ability to highlight unintended effects of regulations, compliance costs and impact on the labour market and the economic environment.

The CoR represents the regional and local level, highlighting that EU policies apply in territories with different administrative capacities. Particularly in areas such as cohesion, infrastructure, public services, green

transition and territorial planning, the CoR perspective can prevent uniform solutions that do not work in divergent contexts.

Overall, the consultative bodies support a crucial idea for understanding the EU: European governance is not just about "rule and vote", but also consultation, impact anticipation and adaptation to socio-territorial diversity.

The Court of Justice of the European Union is not just a classic international court, but the supreme court of an autonomous legal order. Through its consistent case-law, the CJEU has contributed to defining the specific character of EU law, enshrining fundamental principles such as direct effect, supremacy and State liability for breaches of Union law.

In a system where the application of European rules is decentralised and national courts are the ordinary judges of the Union, the risk of interpretative fragmentation is structural. The preliminary ruling procedure, provided for by the Treaties, creates a mechanism for judicial dialogue through which national courts can request clarification on the interpretation or validity of European rules.

This vertical judicial cooperation does not imply the subordination of national courts, but their integration into a multi-level jurisdictional network. Through this architecture, EU law acquires an effective and uniform character, avoiding its transformation into a simple set of declarative rules.

The CJEU exercises rigorous control over the acts adopted by the European institutions, verifying compliance with the powers conferred by the Treaties, the procedures and the general principles of Union law, including the protection of fundamental rights.

Judicial review helps to maintain institutional balance and prevent excess of powers (ultra vires). Thus, even in sensitive areas – such as economic policy or external sanctions – the Court can verify whether institutional action respects the established legal limits.

Through this function, the CJEU not only interprets the law, but also shapes its evolution, transforming the Union's legal order into a coherent system, capable of adapting to changing economic and political realities.

The European Court of Auditors carries out the external audit of the Union's finances, verifying the legality and regularity of financial transactions and the sound management of funds.

The distinction between legality and efficiency is essential: an expen-

diture may formally comply with the rules, but may generate limited or ineffective impact. That is why the Court of Auditors assesses the performance and added value of European programmes.

Its reports contribute to:

- improving the regulatory framework,
- correcting administrative deficiencies,
- strengthening transparency,
- protecting the Union's financial interests.

In a context where a considerable part of the funds is managed in a shared manner with the Member States, audit becomes a fundamental tool for maintaining public trust and the legitimacy of the European project.

The European Central Bank is the central institution for monetary policy for the euro area countries. Its independence is an essential principle, designed to ensure price stability and the credibility of monetary policy.

The ECB operates within the Eurosystem, alongside the national central banks of the euro area. Its decisions on interest rates, liquidity and market intervention instruments significantly influence the macroeconomic conditions of the Union.

Following the financial and economic crises of recent decades, the ECB's role has been expanded through the mechanisms of the Banking Union, including direct supervision of significant banking institutions. This development has strengthened the technical dimension of European governance and highlighted the need for transparency and public communication to maintain legitimacy.

The European Economic and Social Committee (EESC) and the Committee of the Regions (CoR) complete the institutional architecture by integrating the participatory and territorial dimension into the decision-making process. The EESC provides a representative platform for social partners and organised civil society. Its opinions can highlight compliance costs, impact on the business environment and the labour market, contributing to a better substantiation of legislative proposals.

The CoR reflects the perspective of regional and local authorities, highlighting the administrative and territorial diversity of the Union. In areas such as cohesion, infrastructure and the green transition, consulting the local level prevents the adoption of uniform solutions that are not applicable in different contexts.

The analysis of the institutions of control, jurisdiction and consultation highlights the multilevel character of European governance. The EU does not operate on the basis of a simple majority logic, but through a combination of:

- regulatory regulation,
- judicial control,
- financial audit,
- socio-economic and territorial consultation,
- administrative coordination.

This complex structure ensures the balance between efficiency and legitimacy, between integration and diversity.

The European Union's control and consultation institutions are not ancillary elements, but essential components of its institutional architecture. The CJEU guarantees legal coherence and the protection of rights; the Court of Auditors ensures financial accountability; the ECB stabilises the monetary framework; the EESC and the CoR introduce the participatory and territorial dimension.

Together, these institutions reinforce the idea that the European Union is not just a legislative mechanism, but a complex system of governance based on rules, control, transparency and dialogue. Through this architecture, the EU manages to combine normative unity with the diversity of its member states, ensuring the functioning of an integrated legal and economic order.

The analysis of the institutions of control, jurisdiction and consultation of the European Union highlights that the EU's institutional architecture is built on a sophisticated balance between power, accountability and legitimacy. At the heart of this system is the fundamental idea that European integration cannot work solely through the adoption of common rules, but requires robust mechanisms of interpretation, control, audit and participation.

The Court of Justice of the European Union ensures the coherence and uniformity of Union law, transforming the Treaties and secondary legislation into an effective legal order. Through the preliminary ruling procedure and the review of the legality of institutional acts, the CJEU strengthens the autonomy of EU law and guarantees the protection of fundamental rights. The Court is thus not only an arbiter of legal conflicts,

but a central player in the constitutional evolution of the Union.

The European Court of Auditors contributes to strengthening financial accountability and a culture of performance in the management of European funds. In a system where a significant part of spending is implemented in partnership with the Member States, external audit becomes an essential tool for maintaining public trust and protecting the financial interests of the Union.

The European Central Bank reflects the technical and independent dimension of European economic governance. Through its mandate focused on price stability and banking supervision, the ECB contributes to the macroeconomic and financial stability of the euro area. Its institutional independence is balanced by increased transparency and public communication requirements, which support the legitimacy of monetary decisions.

The European Economic and Social Committee and the Committee of the Regions introduce a participatory and territorial dimension to the European decision-making process. They demonstrate that European governance is not limited to interinstitutional relations, but also integrates the voice of civil society, the social partners and local and regional authorities. Through their opinions and recommendations, these bodies contribute to anticipating the regulatory impact and adapting policies to the socio-territorial diversity of the Union.

Overall, the institutional system analyzed confirms the multilevel character of the European Union. Legislative and executive power are balanced by judicial control, financial audit and participatory consultation. This complex structure reflects the specific nature of the Union: a community of law, an economic union and an area of common values.

In a context marked by profound economic, technological and geopolitical transformations, the effective functioning of these institutions becomes essential for strengthening European resilience. Legal coherence, financial responsibility, monetary stability and democratic participation are interdependent pillars of the Union's legitimacy.

Therefore, the analysis of the control and consultation institutions highlights that European integration is not just a normative or economic process, but a complex system of governance based on rules, accountability and permanent dialogue between the European, national and regional levels. This institutional architecture represents one of the most important

innovations of the European project and constitutes the foundation of its long-term sustainability.

Review problems

- Explain why the EU needs a complex institutional framework and how it relates to the Union's values and objectives.
- What does the institutional balance between Parliament, Council and Commission mean in practice? Give an example.
- How is representation in the European Parliament formed and why are political groups transnational?
- What is the role of the Council of the EU as a legislative and budgetary institution and why are Council formations important?
- Compare the European Council and the Council of the EU from the perspective of political versus legislative role.
- Why is the European Commission called the initiator of legislation and the "guardian of the treaties"? Explain complementarity.
- What problem does the infringement procedure solve and why is dialogue often preferred before litigation?
- How does the CJEU contribute to the uniform application of EU law and why is the preliminary ruling a key instrument?
- What is the role of the Court of Auditors in the legitimacy of the EU? Distinguish legality/regularity from sound financial management.
- Why do advisory bodies exist (EESC, CoR) and what do they bring to the decision-making process?

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UNIT XIII: EUROPEAN MARKET: ISSUES AND CHALLENGES.

13.1.The internal vision of the European Union market: meaning, foundation and evaluation criteria.
13.2. PRO table methodology: challenges, risks and opportunities
13.3. The Internal Market of the European Union: foundations, mechanisms and systemic role in the internal vision.
13.4. Current internal challenges: implications for the Internal Market and cohesion
13.5. Internal risks: vulnerabilities to internal vision and Market integrity
13.6. Internal opportunities: capitalizing on the Internal Market as a strategic resource

The purpose of the topic:consists of analyzing the Internal Market of the European Union as a central mechanism of economic and legal integration, highlighting its role as a European public good, the structural interdependencies it generates and the conditions of sustainability in the context of contemporary challenges (economic convergence, digital transformation, green transition and social cohesion). The theme aims to clarify the relationship between the unity of rules and the fairness of results, as well as how the Internal Market contributes to achieving the common goal of the Union – increasing the quality of life and strengthening the legitimacy of the European project.

Topic Objectives: After studying this topic, students should be able to:

- to conceptually define the Internal Market and explain the four fundamental freedoms that underpin its functioning.
- to analyze the legal character of the Internal Market, highlighting the principles of non-discrimination, mutual recognition and selective harmonisation.
- to argue why the Internal Market can be considered a European public good, identifying the collective benefits and the conditions for protecting its integrity.

- to assess the main internal risks that may affect the functioning of the Internal Market (economic divergences, regulatory fragmentation, protectionism, financial instability).
- explain the relationship between economic convergence and the sustainability of integration, including the role of cohesion policy and investment in competitiveness.
- to analyse the impact of digital transformation and the green transition on competition rules, value chains and European competitiveness.
- to identify the interdependence between economic efficiency and social cohesion, especially in the context of labour mobility and the protection of social rights.
- to formulate critical arguments regarding the sustainability of the Internal Market in the 2030 horizon, from the perspective of the balance between the unity of rules and the fairness of results.

13.1. Internal vision of the European Union market: meaning, foundation and evaluation criteria.

The analysis of European integration requires a conceptual clarification of the notion of the „internal vision" of the European Union, as it cannot be reduced to a simple programmatic declaration or a set of conjunctural political objectives. From a scientific perspective, the internal vision represents a normative and functional construct that allows the evaluation of the coherence, efficiency and legitimacy of the European project as a whole. It expresses the relationship between unity and diversity, between integration and autonomy, between common purpose and national interests.

In a context characterized by economic interdependencies, axiological pluralism and structural differences between Member States, the issue of formulating a common purpose becomes central to the stability and sustainability of the Union. European integration is not an automatic process, but one that involves the articulation of objectives capable of overcoming particularisms without canceling them out. From this perspective, the concept of internal vision provides an analytical framework through which both sectoral policies (Internal Market, Economic and Monetary Union, cohesion policy, green transition) and the principles of operation of the Union, such as subsidiarity and solidarity, can be evaluated.

Therefore, understanding the internal vision of the European Union is not just a theoretical exercise, but a necessary step for assessing its institutional performance and capacity to generate sustainable well-being for European citizens.

In a scientific approach, the internal vision of the European Union can be defined as the institutional-political, economic-social and axiological-cultural state of the Union in which:

- the common purpose of the Union results from a coherent synthesis of the objectives of the Member States, without cancelling their particularities;
- The functioning of the Union produces synergies (overall effects) that are distributed equitably between states and citizens, strengthening the legitimacy of the European project.

This vision is not reduced to a normative ideal, but constitutes a framework for assessing the Union's performance: a Union „in vision" is one that combines the unity of rules with the diversity of realities, maintaining cohesion and the capacity for collective action.

A classic problem of integration is whether an entity formed by states with distinct interests can have a common goal without structural contradictions. The answer is yes, with one condition: the common goal must be formulated at a sufficiently general and legitimate level, and this level is the quality of life (economic well-being, social security, access to services, freedoms, rights, opportunities).

In this logic, indicators such as economic convergence and cohesion (economic, social, territorial) function simultaneously as:

- objectives (development targets) and
- means (tools for increasing the quality of life).

In other words, the Internal Market, EMU, cohesion policy, social policies or the green transition are justifiable to the extent that they contribute to a higher purpose: the sustainable well-being of Union citizens.

Synergy is the criterion that explains why integration is preferable to institutional isolationism: there are objectives that states cannot effectively achieve alone (higher costs, fragmentation, external effects). In this key, subsidiarity is also understood: the Union intervenes when it can produce more efficient results than the states, without suppressing their autonomy.

The internal vision of the European Union can be understood as the expression of a political and economic order that combines the unity of

rules with the diversity of national realities. It presupposes the existence of a legitimate common purpose, anchored in increasing the quality of life, and the capacity of the Union to produce synergies that go beyond the possibilities of exclusively national action. In this sense, convergence and cohesion are not just technical public policy objectives, but essential instruments for achieving a higher end – sustainable and fairly distributed well-being.

European integration finds its justification in the collective efficiency it generates: by reducing fragmentation, internalising externalities and creating a continental-sized market, the Union offers solutions to problems that exceed the individual capacity of states. At the same time, the principle of subsidiarity ensures that this integration does not become excessively centralised, but remains geared towards the optimal level of action.

In conclusion, the internal vision of the European Union is not an abstract ideal, but a criterion for assessing its legitimacy and performance. The sustainability of the European project depends on the ability to maintain the balance between autonomy and solidarity, between economic efficiency and social cohesion, between integration and respect for diversity. Only under these conditions can the Union remain an area of stability, prosperity and shared progress.

13.2. PRO table methodology: challenges, risks and opportunities

The analysis of the internal functioning of the European Union requires a systemic approach, capable of capturing the complex dynamics of political, economic, social and technological phenomena that influence the evolution of the European project. In a space characterized by structural interdependencies and institutional diversity, the simple description of realities is not enough; an analytical framework is needed that allows the identification of directions of evolution and reaction mechanisms. From this perspective, the classification of internal phenomena into three categories – challenges, risks and opportunities (the PRO model) – provides a useful conceptual tool for assessing the Union's capacity for adaptation and resilience.

Challenges reflect emerging or latent pressures that require rapid or anticipatory responses from the European institutions and the Member States. They are not necessarily negative, but they can become destabilizing if not

properly managed. Risks, in turn, imply the existence of probabilities of adverse impacts on the stability and cohesion of the Union, requiring preventive or corrective policies. Opportunities express the potential for positive transformation of existing realities, representing strategic resources that can strengthen the Union's internal and external position.

Importantly, these categories are not independent, but interconnected in a circular relationship: an unmanaged challenge can degenerate into a risk, and an effectively managed risk can generate opportunities for reform and modernization. This interdependence reflects the dynamic nature of European integration, where the balance between stability and transformation is constantly negotiated.

To capture the complexity of this internal picture, the PRO analysis can be structured around six fundamental dimensions: political, economic, technological, social, cultural-axiological and ecological. Each of these dimensions contributes to defining the Union's internal performance and its capacity to maintain cohesion and legitimacy in the face of multiple and often simultaneous pressures.

In internal analysis, relevant phenomena are ordered into three categories:

- **challenge**: phenomena that require rapid or anticipatory reactions (e.g., tensions regarding the rule of law, technological transformations).
- **risks**: phenomena with potential negative impact that require prevention, countermeasures or neutralization measures (e.g. fragmentation, financial instability, disinformation).
- **timely**: strategic capitalization potential (e.g.: internal market, social innovation, renewable energy).

The relationship between them is circular: challenges can become vulnerabilities to risks, but can be converted into opportunities through smart policies.

The internal PRO table can be grouped into six dimensions:

- politics (values, institutions, legitimacy),
- economic (convergence, productivity, market),
- technological (digitalization, industry),
- social (inequalities, mobility, quality of elites),
- cultural-axiological (identity cohesion, polarization),
- ecological (green transition, circular economy).

Table 13.1: PRO Model – Internal Analysis of the European Union

Size	Challenge	Risks	Timely
Politics (values, institutions, legitimacy)	Tensions over the rule of law; pressures on the independence of the judiciary; declining public trust in institutions	Institutional fragmentation; centrifugal tendencies; erosion of democratic legitimacy	Strengthening the mechanisms for monitoring the rule of law; increased civic participation; modernizing European governance
Economic (convergence, productivity, market)	Divergences between states; incomplete integration of services; budgetary pressures	Financial instability; asymmetric crises; increasing regional inequalities	Consolidating the Internal Market; investing in real convergence; deepening economic and monetary integration
Technological (digitalization, industry)	Adapting to digital transformation; the need to retrain the workforce	Skills polarization; external technological dependencies; cyber risks	Digital Single Market; industrial innovation; increasing global competitiveness
Social (inequalities, mobility, human capital)	Managing labor mobility; demographic pressures; quality of elites	Growing inequalities; social exclusion; radicalization	Social innovation; strengthening European social protection; investing in education and skills
Cultural-axiological (identity cohesion, pluralism)	Ideological polarization; identity tensions; disinformation	Weakening internal cohesion; increasing populism	Promoting common values; intercultural dialogue; strengthening European identity in diversity
Ecological (green transition, circular economy)	Costs of climate transition; industrial restructuring	Social resistance to reforms; short-term economic losses	Renewable energy; circular economy; global leadership in climate policy

From the table we observe:

- Circular interdependence: an unmanaged challenge can become a risk, and an effectively managed risk can generate opportunity.
- Cross-cutting character: many elements (e.g. digitalization or green transition) have a simultaneous impact in multiple dimensions.
- Strategic Horizon 2030: seizing opportunities depends on policy coherence and coordination between the European and national levels.

Table 13.2: PRO Model – External Analysis of the European Union

Size	Challenge	Risks	Timely
Politics and geopolitics (international order, global governance)	Increased multipolarity; competition between governance models; pressures on multilateralism	Fragmentation of the international order; weakening of multilateral institutions; marginalization of the EU in global negotiations	Strengthening the EU's role as a global normative actor; EU enlargement; promoting democracy and the rule of law in the neighbourhood
Economic and commercial (trade, value chains, strategic autonomy)	Reconfiguration of global supply chains; dependencies on critical raw materials; protectionism	Trade wars; energy vulnerabilities; loss of external competitiveness	Diversifying commercial partnerships; open strategic autonomy; leadership in commercial and sustainability standards
Security and defense (regional stability, hybrid risks)	Instability in the neighborhood; regional conflicts; hybrid threats	Military escalations; terrorism; cyberattacks; uncontrolled migratory pressures	Strengthening security cooperation; developing joint capabilities; strategic partnerships
Social and demographic (migration, global mobility)	Management of legal and illegal migration; integration of migrants; population ageing	Humanitarian crises; social tensions; political exploitation of migration	Common asylum and migration policies; attracting talent; balancing the labour shortage
Cultural-axiological (values, fundamental rights, external image)	Contesting the universality of human rights; global narrative competition	Degradation of democratic standards; external influence on the European information space	"Brussels effect" (export of standards); cultural diplomacy; promotion of the European governance model
Ecological and climatic (global environment, resources)	Accelerating climate change; biodiversity degradation; pressure on resources	Food and energy crises; climate migration; regional instability	Leadership in the global green transition; clean technologies; international climate partnerships

From the table we observe:

- Cross-cutting dimension – many external challenges (e.g. energy dependencies or climate change) have simultaneous internal and external impacts.

- Strategic interdependence – external risks can amplify internal vulnerabilities (e.g. energy or migration crises).
- The logic of transformation – external opportunities often derive from the EU's ability to transform vulnerabilities into normative advantage (standardization, regulation, cooperation).

The combined analysis of the internal and external dimensions through the PRO model highlights the fact that the European Union operates in an environment of permanent interdependence. Internal stability conditions external credibility, and external performance strengthens internal resilience. In the 2030 horizon, the EU's capacity to transform challenges into opportunities and to manage risks within a coherent framework will determine not only its economic competitiveness, but also its global geopolitical and normative role.

The PRO model applied to the internal analysis of the European Union highlights that integration is not a linear process, but one marked by tensions, adjustments and continuous transformations. Challenges, risks and opportunities should not be viewed in isolation, but within a systemic logic in which developments in one dimension influence the others. For example, technological transformations can generate significant economic opportunities, but can also amplify social inequalities or cultural polarization; at the same time, well-calibrated policies can convert these tensions into factors of modernization and competitiveness.

The political dimension underlines the importance of democratic values, institutions and legitimacy for the internal stability of the Union. Without trust in the rule of law and institutional mechanisms, the coherent functioning of the Internal Market and other common policies becomes vulnerable. The economic dimension highlights the role of convergence and productivity in maintaining balance between Member States, while the technological dimension shows that digitalisation and innovation can be both sources of competitiveness and structural risk factors.

On a social and cultural-axiological level, identity cohesion and the ability to manage value pluralism are essential conditions for the stability of the European project. At the same time, the green transition and the circular economy define an ecological dimension that reconfigures production and consumption models, generating both adjustment costs and long-term benefits.

In conclusion, the internal analysis through the PRO model reveals that the viability of the European Union depends on its capacity to transform challenges into opportunities and to manage risks through coherent and anticipatory policies. The balance between the unity of rules and the diversity of national realities, between economic efficiency and social cohesion, between innovation and protection, is the key to the internal sustainability of the European project. To the extent that this balance is maintained, the Union can strengthen its resilience and legitimacy, remaining an area of stability, prosperity and common progress.

13.3. The Internal Market of the European Union: foundations, mechanisms and systemic role in the internal vision.

The Internal Market represents one of the most important achievements of the European integration process and, at the same time, the economic and legal foundation of the construction of the European Union. It is not only the result of the progressive elimination of trade barriers between Member States, but the expression of a structural option for deep integration, based on common rules and the recognition of economic interdependence. In a Europe characterised by institutional diversity, different levels of development and distinct legal traditions, the creation of an area without internal borders required not only political will, but also sophisticated legal elaboration, designed to ensure the coherent functioning of the four fundamental freedoms.

From a conceptual perspective, the Internal Market can be understood as a legal and economic infrastructure that allows the free movement of goods, persons, services and capital, under conditions of non-discrimination and equal treatment. It reflects the transition from an integration based exclusively on interstate cooperation to an integration based on supranational rules, directly and uniformly applicable. Thus, the Internal Market is not just a „market" in the economic sense, but a regulatory system that combines mutual recognition, selective harmonisation and mechanisms of judicial control to guarantee legal unity and the stability of transactions.

Furthermore, the analysis of the Internal Market cannot be limited to the economic dimension. It involves a political-institutional dimension, as its functioning strengthens the interdependencies between Member States and reduces the temptation for fragmentation. It also has a social

dimension, as the mobility of people and workers raises issues regarding the protection of rights, the coordination of social security and the balance between competitiveness and cohesion. In this sense, the Internal Market becomes a central indicator of the Union's internal vision: the capacity of the „whole" to produce more efficient and fairer results than the „parts" could produce in isolation.

The Internal Market is the central mechanism of European economic integration, defined by an area without internal borders in which the free movement of:

- goods,
- people,
- services,
- capitals.

The Internal Market is not just a „market" in the economic sense, but a legal construct: it operates on the basis of common rules, the principle of non-discrimination, mutual recognition and selective harmonisation.

The systemic function of the Internal Market is twofold:

- economic: increases efficiency, competition, productivity and market size;
- political-institutional: it strengthens interdependencies, reducing the temptation of fragmentation and stimulating convergence.

The synergy of the Internal Market is manifested through:

- economies of scale for businesses (access to a much larger market);
- diversity and access for consumers (more competitive prices, quality and more options);
- mobility of production factors (capital, labor, skills);
- institutional stability: predictable rules that reduce transaction costs.

In terms of internal vision, the Internal Market is one of the clearest justifications for the idea that the „whole" can work more efficiently than the „parts".

In practice, the Internal Market is achieved through a combination of instruments:

- Elimination of barriers (internal customs duties, quantitative restrictions, measures with equivalent effect).
- Non-discrimination on the basis of nationality and equal treatment of economic operators.

- Mutual recognition: a legal product/service marketed in one state must, in principle, be accepted in others, with justified exceptions.
- Harmonization: establishing common standards where national differences would fragment the market (safety, health, consumer protection, environment, etc.).
- Enforcement and remedies: the role of the Commission (guardian of the Treaties), national courts and the CJEU in maintaining legal unity.

Although customs barriers have been eliminated, the Internal Market frequently faces non-tariff obstacles:

- divergent technical standards,
- excessive administrative requirements,
- misaligned labeling and compliance rules,
- disproportionate checks and formalities.

These barriers are „invisible" because they do not manifest themselves as direct taxes, but they produce similar effects: they increase the cost of market entry and reduce competition. The integration of services is structurally more complex than that of goods for several reasons:

- services often involve physical presence (e.g. regulated professions, health, education);
- there are fears of „social dumping" or unfair competition;
- regulations are often linked to national social protection models.

The Internal Market is still incomplete, and the major gap is observed precisely in the area of services and in the full mobility of some economic activities. The Internal Market cannot be analysed only economically. The mobility of people and workers involves:

- residence rights,
- social security coordination,
- equal treatment in the labor market,
- preventing exploitation and precariousness.

In the internal vision, the stake is the balance between:

- economic competitiveness and flexibility and
- social cohesion and protection of rights.

The Internal Market is the central mechanism through which European integration is put into practice. By removing internal barriers, enshrining the principle of non-discrimination and establishing mutu-

al recognition, the Union has created an integrated economic area that stimulates competition, productivity and innovation. At the same time, through selective harmonisation and through enforcement and control mechanisms – the role of the European Commission, national courts and the Court of Justice – the Internal Market gains legal coherence and institutional stability.

The synergy generated by the Internal Market is manifested at the level of enterprises, through economies of scale and access to an expanded market; at the level of consumers, through diversity and competitiveness; and at the macroeconomic level, through the mobility of production factors and the strengthening of convergence. However, the existence of non-tariff barriers and the incomplete integration of services show that the Internal Market remains an evolving project, not a definitively completed reality.

The social dimension of the Internal Market is essential for its legitimacy. The mobility of people and workers must be accompanied by guarantees of equal treatment, coordination of social security and prevention of exploitation. Without this balance, economic integration risks generating social tensions and perceptions of unfairness.

In conclusion, the Internal Market is the concrete expression of the idea that integration produces added value through cooperation and common rules. It demonstrates that legal unity can coexist with national diversity and that economic efficiency must be linked to the protection of rights and social cohesion. Its sustainability depends on the Union's ability to continue to remove remaining obstacles, to adapt the rules to technological changes and to maintain the balance between competitiveness and solidarity.

13.4. Current internal challenges: implications for the Internal Market and cohesion

The effective functioning of the Internal Market does not depend solely on the existence of the four fundamental freedoms or on the elimination of trade barriers, but also on the soundness of the institutional and regulatory framework in which these freedoms operate. The Internal Market is, in essence, a legal and economic construct based on mutual trust, predictability and uniform application of rules. Any factor affecting these structural elements – be it political, economic, technological or environmental – has direct consequences for its coherence and sustainability.

In this context, the challenge to the rule of law, the instability of economic convergence, the accelerated digital transformation and the green transition represent major variables in the evolution of the Internal Market. They are not isolated phenomena, but interconnected dimensions of a changing European reality. Legal stability, the balance between national economies, adaptation to digitalisation and the sustainable management of the climate transition are essential conditions for maintaining the legitimacy and efficiency of economic integration.

Therefore, the contemporary analysis of the Internal Market must go beyond the strictly economic perspective and integrate these structural dimensions, as they determine not only competitiveness, but also social cohesion and political stability of the European Union.

Challenging the rule of law directly affects the Internal Market because:

- reduces confidence in the uniform application of rules,
- weakens investment and competition protection,
- erodes judicial cooperation (essential for cross-border commercial disputes).

If real convergence remains unstable, the Internal Market may produce:

- disproportionate advantages for more developed economies,
- perceptions of unfairness,
- political tensions and euroscepticism.

In this sense, cohesion policy and investments in competitiveness become conditions for sustainability for the market.

Digital transformation:

- creates opportunities for productivity and innovation,
- but it amplifies risks (disinformation, digital monopolies, technological dependencies).

The Internal Market thus extends beyond traditional goods and services to a digital dimension that requires rules on competition, data and security.

The green transition redefines the conditions of competitiveness:

- environmental standards,
- supply chains,
- industrial innovation,
- investments in renewable energy and circular economy.

The green transition must be simultaneously ambitious and socially just, otherwise it becomes politically vulnerable.

Challenging the rule of law directly affects the legal foundation of the Internal Market, as it reduces trust in the uniform application of rules and undermines investment protection, fair competition and judicial cooperation. In an integrated economic area, mutual trust between states is the prerequisite for the efficient functioning of mechanisms for the recognition and enforcement of judgments. The erosion of this framework can lead to fragmentation and increased transaction costs.

The instability of real convergence in turn generates risks for the sustainability of the Internal Market. If the differences in competitiveness and productivity deepen, the benefits of integration may become disproportionate, fuelling perceptions of inequity and political tensions. In this sense, cohesion policy and investments in competitiveness are not just redistributive instruments, but mechanisms for structural consolidation of the Market.

The digital transformation extends the Internal Market towards a technological dimension in which data, digital platforms and infrastructures become essential factors of competitiveness. This evolution creates opportunities for innovation and productivity growth, but also entails risks related to the concentration of economic power, cybersecurity and external technological dependencies. Adapting the regulatory framework thus becomes a condition for maintaining fair competition and protecting fundamental rights in the digital environment.

Finally, the green transition redefines the conditions for competitiveness and shapes new value chains. Environmental standards, investments in renewable energy and the circular economy can strengthen the Union's position in the global economy, but the success of these policies depends on the balance between ambition and social fairness. A transition perceived as unfair risks generating political and social reactions that can affect the stability of integration.

Overall, the sustainability of the Internal Market depends on the Union's ability to maintain legal coherence, economic balance, technological adaptability and social fairness. Only by integrating these dimensions into a coherent strategy can the Internal Market remain the central engine of European integration and an instrument of sustainable prosperity.

13.5. Internal risks: vulnerabilities to internal vision and Market integrity

In the analysis of European integration, risk should not be understood exclusively as an exceptional or circumstantial event, but as a structural variable of a system characterized by deep economic, legal and political interdependencies. The European Union operates on the basis of a multi-level architecture, in which the stability of each component influences the whole. In this context, internal risks can generate vulnerabilities not only at sectoral level, but also at systemic level, affecting the internal vision of the Union and the integrity of the Internal Market.

Economic crises, perceptions of an unfair distribution of the costs of integration and financial shocks can activate centrifugal forces, calling into question institutional solidarity. The Internal Market, as a legal and economic infrastructure, depends on mutual trust between Member States and the uniform application of the rules. In the absence of this solidarity, temptations of internal protectionism, regulatory fragmentation and national withdrawal arise, which undermine the logic of European synergy.

A major risk to the internal stability of the Union is the emergence and management of asymmetric economic crises. In an integrated Internal Market, shocks do not remain isolated at national level, but are quickly transmitted through trade, financial and investment channels.

Crises can affect Member States differently, depending on:

- the structure of the economy (industry vs. services),
- the degree of public and private indebtedness,
- the level of competitiveness,
- integration into European and global value chains.

When the public perception is that certain economies bear disproportionate adjustment costs, while others benefit relatively more from the advantages of the Internal Market, there is a risk of strengthening Eurosceptic narratives. In this sense, the problem is not only economic, but also political and social.

The Internal Market only functions effectively within a framework of institutional solidarity. This implies:

- macroeconomic coordination,
- financial support mechanisms,
- cohesion policies,

- compliance with tax and competition rules.

In the absence of these mechanisms, differences in competitiveness can lead to economic polarization and the accentuation of regional disparities, affecting social and political cohesion.

Financial crises are systemic in nature, as they simultaneously affect capital markets, banking institutions and credit flows. In a Union characterised by financial integration, the effects are quickly transmitted to the real economy.

Reduced liquidity and increased uncertainty cause:

- postponement of private investments,
- decrease in foreign direct investment,
- limiting the financing of infrastructure projects.

Investment is the engine of economic growth and real convergence. A prolonged decline in investment affects the competitiveness and innovation capacity of European economies.

Financial crises affect consumer confidence and disposable income levels. Rising unemployment or falling real wages cause a decrease in domestic demand, which amplifies the recession and creates a vicious circle of stagnation.

The reduction in economic activity leads to:

- increasing unemployment,
- precariousness of labor relations,
- decreased mobility.

In an area characterized by the free movement of workers, imbalances in the labor market can generate massive economic migrations, with effects in both countries of origin and destination.

Perhaps the most important effect of crises is the deterioration of citizens' confidence in the Union's ability to manage economic shocks. If integration is perceived as a source of vulnerability, the political legitimacy of the Internal Market may be affected.

Another major internal risk is the emergence of regulatory fragmentation, driven by unilateral national responses to crises. In crisis situations, states may adopt measures such as:

- temporary export restrictions,
- disproportionate national state aid schemes,
- additional administrative barriers.

While some measures may be temporarily justified, their proliferation undermines the integrity of the Internal Market and creates conditions of uneven competition. The uneven application of competition, state aid or consumer protection rules can lead to structural distortions. In this context, the role of the European Commission and national courts, under the coordination of the case law of the Court of Justice of the European Union, becomes essential to maintain legal unity. Economic risks are not limited to the financial sphere, but have social and political consequences. Increased inequalities and perceptions of unfairness can fuel:

- populist speeches,
- challenging common values,
- weakening of identity cohesion.

European integration is based on a minimal consensus on the benefits of cooperation. When this consensus is undermined, centrifugal tendencies are amplified and the capacity for collective action is reduced.

Table 13.3: Internal risks and effects on the EU Internal Market

Risk category	Transmission mechanism	Impact on the Internal Market	Political and social consequences
Financial crises	Restriction of lending	Decline in investment and consumption	Distrust in integration
Economic divergences	Unequal competitiveness	Disproportionate advantages	Euroscepticism
Domestic protectionism	Unilateral national measures	Regulatory fragmentation	Interstate tensions
Unemployment and precariousness	Reduction in economic activity	Unbalanced mobility	Social polarization
Weakening of the rule of law	Uneven application of rules	Competitive distortions	Erosion of legitimacy

The internal risks analysed in the table demonstrate that the integrity of the Internal Market depends on economic stability, institutional solidarity and mutual trust. Economic and financial crises can have knock-on effects on investment, consumption, employment and political legitimacy, transforming economic vulnerabilities into social and political tensions.

The sustainability of the European Union's internal vision presupposes the capacity to prevent fragmentation, manage asymmetries and

strengthen real convergence. The Internal Market is not just an economic mechanism, but a permanent test of European solidarity and cohesion. In the absence of a coordinated and anticipatory response to internal risks, the benefits of integration may be perceived as inequitable and the European project may become vulnerable to centrifugal pressures.

Therefore, strengthening economic resilience, maintaining legal discipline and strengthening institutional solidarity are essential conditions for protecting the integrity of the Internal Market and maintaining the legitimacy of the European project in the 2030 horizon.

The analysis of internal risks highlights that the vulnerabilities of the Internal Market do not derive exclusively from economic factors, but from the complex interaction between economy, politics, law and society. The Internal Market is an open, interdependent system, in which shocks are transmitted quickly and can generate cumulative effects. In this sense, risk is not only the probability of economic loss, but also the potential for institutional destabilization and erosion of political legitimacy.

A first fundamental element is the relationship between financial stability and social trust. In the absence of trust in the capacity of European institutions to manage crises, economic integration can be perceived as an amplifier of vulnerabilities, not as a protection mechanism. Consequently, the consolidation of the Economic and Monetary Union, the strengthening of financial supervision and the development of common macroeconomic stabilisation instruments become essential components of the resilience of the Internal Market.

A second essential aspect is the dimension of real convergence. Integration without convergence risks creating a formally unified but structurally unequal economic space. In this context, cohesion policy, investments in infrastructure, innovation and human capital are not simple redistributive instruments, but mechanisms for strengthening systemic competitiveness. They reduce the risk of fragmentation and enhance the capacity of the Internal Market to function as an engine of shared prosperity.

A third element concerns legal discipline and the uniform application of rules. The erosion of the rule of law or the selective application of rules can generate competitive distortions and affect the functioning of the principle of mutual recognition. In a system based on mutual trust,

uniform application of rules is the minimum condition for maintaining the legal integrity of the Internal Market.

In socio-political terms, internal risk management must include a communicative and deliberative dimension. Perceptions of unfairness or lack of transparency can amplify tensions and fuel Eurosceptic narratives. The legitimacy of the Internal Market therefore depends not only on its economic performance, but also on the Union's capacity to explain and justify the policies it adopts.

Looking towards the 2030 horizon, strengthening the EU Internal Market involves:

- Increasing economic resilience by diversifying supply chains and reducing critical dependencies.
- Strengthening macroeconomic coordination to limit asymmetries and prevent the accumulation of imbalances.
- Modernizing the regulatory framework in the context of digital transformation and green transition.
- Strengthening social cohesion to prevent polarization and radicalization.

In conclusion, internal risks should not be interpreted exclusively as threats, but also as indicators of areas that require adaptation and reform. The European Union's capacity to transform vulnerabilities into institutional strengthening processes will determine the sustainability of its internal vision. The Internal Market remains the central element of this architecture, but its sustainability depends on the balance between economic efficiency, political solidarity and democratic legitimacy. Thus, protecting the integrity of the Internal Market means, ultimately, protecting the European project itself.

Economic crises and perceptions of „uneven costs" can fuel centrifugal forces. The Internal Market depends on institutional solidarity: without it, temptations for internal protectionism and regulatory fragmentation arise. Financial crises spill over into the real economy, affecting:

- investments,
- consumption,
- occupation,
- trust in the common project.

13.6. Internal opportunities: capitalizing on the Internal Market as a strategic resource

The Internal Market can be treated as a European public good: an infrastructure of rules and opportunities that produces collective benefits, if it is protected from fragmentation and complemented by:

- reducing remaining barriers,
- investments in convergence,
- development of the digital dimension,
- strengthening legal and administrative trust.

Social innovation, creative industries, renewables and the circular economy are directions that can transform opportunities into competitive advantages and cohesion.

The EU's internal vision is based on two structural ideas: a common purpose focused on quality of life and the synergy produced by aggregation. Within this framework, the Internal Market appears as the central mechanism of integration: it connects economies, supports competitiveness and strengthens institutional interdependencies. However, the Internal Market remains an evolving project: incompleteness (especially in services), divergences in administrative capacity, technological pressures and the green transition create a complex picture of challenges and risks. In the 2030 horizon, the sustainability of the internal vision depends on the Union's capacity to combine unity of rules with fairness of results, so that economic integration translates into social progress and political legitimacy.

In the literature, the concept of „public good" designates those goods or services that generate collective benefits, are difficult to exclude and produce diffuse effects throughout the community. In this extended sense, the European Union's Internal Market can be treated as a European public good, as it functions as an infrastructure of rules, rights and opportunities that produces added value for all Member States and their citizens.

The Internal Market is not just a framework for economic exchanges, but a regulatory and institutional system that facilitates cooperation, stimulates competitiveness and strengthens structural interdependencies. It generates economies of scale, mobility of production factors, increased efficiency and legal stability, benefits that cannot be replicated at a purely national level. In this logic, protecting and deepening the Internal Market

becomes a shared responsibility, comparable to protecting other essential public goods.

However, its status as a European public good is not automatic or irreversible. It depends on maintaining legal integrity, reducing fragmentation and the Union's ability to adapt the rules to contemporary economic and technological transformations.

To function effectively as a collective infrastructure, the Internal Market needs to be completed and protected by a coherent set of policies and structural reforms. Although tariff barriers have been eliminated, non-tariff and administrative obstacles that limit economic mobility persist. Simplifying procedures, harmonising standards and uniformly applying rules are essential to prevent fragmentation. Removing remaining barriers strengthens competition and reduces transaction costs, increasing the efficiency of the system.

Real economic convergence is the condition for the sustainability of the Internal Market. Investments in infrastructure, human capital, digitalisation and innovation reduce structural differences between economies and limit perceptions of inequality. Cohesion policy and common financial instruments thus become mechanisms for stabilisation and systemic consolidation.

The digital transformation extends the Internal Market beyond traditional goods and services, integrating data flows, platforms and digital services. The Digital Single Market requires clear rules on competition, data protection and cybersecurity. Regulatory adaptation to the digital economy is essential to maintain the Union's global competitiveness. Mutual trust between Member States and the uniform application of rules are fundamental for the functioning of the Internal Market. Legal stability reduces uncertainty and stimulates investment, and administrative capacity ensures the effective implementation of common policies.

The Internal Market provides the necessary framework for capitalizing on strategic directions that can strengthen European competitiveness and cohesion.

Social innovation contributes to the modernisation of public services and the adaptation of social systems to new demographic and economic realities. It can transform challenges related to population ageing or labour mobility into opportunities for reform and efficiency.

Creative and cultural industries generate economic and identity value, contributing to economic diversification and strengthening cultural cohesion. The Internal Market provides the necessary space for the circulation of cultural products and for the development of the knowledge-based economy. The green transition can become a global competitive advantage, if supported by investments in technology, infrastructure and industrial innovation. The circular economy reduces resource dependencies and stimulates the efficiency of material use. The internal vision of the European Union is based on two structural ideas:

- the common purpose oriented towards quality of life, and
- synergy produced by aggregation.

In this framework, the Internal Market appears as the main mechanism through which these ideas are put into practice. It connects national economies, supports competitiveness and creates interdependencies that reduce the risk of fragmentation.

However, the Internal Market remains a dynamic project. Incompleteness – particularly in the area of services – divergences in administrative capacity, technological pressures and the demands of the green transition generate a complex picture of challenges and risks. In the 2030 horizon, the sustainability of the internal vision depends on the Union's ability to combine:

- unity of rules, ensured through uniform application and legal stability;
- equity of outcomes, achieved through economic convergence and social cohesion.

Economic integration cannot be considered complete unless it produces social progress and political legitimacy. In the absence of perceived fairness, the benefits of the Internal Market can be contested and institutional solidarity weakened. The Internal Market, treated as a European public good, is the central infrastructure of economic and legal integration. It generates collective benefits and synergies that are impossible to achieve at national level, but its functioning depends on regulatory coherence, economic convergence and mutual trust. Turning opportunities – social innovation, digitalisation, renewable energy – into competitive advantages requires coherent and coordinated policies. At the same time, maintaining the political legitimacy of integration requires a balance between economic efficiency and social cohesion.

The Internal Market is therefore not just an economic mechanism, but the concrete expression of the internal vision of the European Union. Its sustainability will depend on the Union's capacity to transform challenges and risks into processes of institutional consolidation, ensuring a sustainable balance between competitiveness, solidarity and democratic legitimacy.

Taken as a whole, the Internal Market cannot be reduced to a simple economic architecture designed to facilitate trade. It is the institutionalised expression of European interdependence and one of the fundamental pillars of the Union's legal and economic order. As a European public good, the Internal Market generates positive externalities for all Member States, but these benefits are not automatically guaranteed; they depend on maintaining the integrity of the system and the capacity to adapt to new global realities.

A first defining element for the sustainability of the Internal Market is regulatory coherence. An area without internal borders requires not only the elimination of formal barriers, but also the existence of a uniformly applied legal framework. Any fragmentation, whether generated by divergent interpretations, unequal administrative capacities or protectionist reactions, can reduce the efficiency and credibility of the system. In this sense, strengthening legal trust and administrative cooperation becomes an essential condition for maintaining its status as a collective infrastructure.

A second central element is real economic convergence. The Internal Market produces competitive advantages and economies of scale, but the distribution of these benefits must be perceived as fair. Persistent divergences can fuel political tensions and Eurosceptic narratives. Investments in cohesion, innovation and human capital are therefore not just supportive policies, but structural mechanisms to strengthen internal stability.

Third, technological transformations and the green transition require a continuous reconfiguration of the rules of the Internal Market. Digitalisation and the data-driven economy expand the space for integration, but create new vulnerabilities. Similarly, the transition towards climate neutrality is redefining industrial competitiveness and value chains. The Union's ability to transform these transformations into global competitive advantages will determine its strategic positioning in the world economy.

In the medium and long term, the legitimacy of the Internal Market depends on its ability to combine economic efficiency with social equity. Integration cannot be sustainable if it is perceived as favouring only certain segments or regions. In this sense, the social dimension of integration – protection of workers, coordination of social security, prevention of precariousness – must be organically integrated into the functioning of the Market.

In conclusion, the Internal Market represents the functional core of the internal vision of the European Union. It reflects the idea that unity of rules and institutional cooperation can produce synergies superior to isolated action. However, this synergy is conditional on solidarity, convergence and adaptability. In the 2030 horizon, the viability of the European project will depend on the Union's capacity to protect the integrity of the Internal Market, to reduce fragmentation and to transform technological and environmental changes into opportunities for common progress. Thus, strengthening the Internal Market is not just an economic objective, but a strategic investment in the stability, cohesion and legitimacy of the European project as a whole.

Review problems

- Define the concept of the European Union Internal Market and explain why it is considered more than a simple economic exchange space.
- Analyze the four fundamental freedoms (goods, people, services, capital) and argue the interdependence between them in the integrated functioning of the Market.
- Explain the principles of non-discrimination, mutual recognition and selective harmonisation. To what extent do they contribute to maintaining the legal unity of the Internal Market?
- Argue why the Internal Market can be treated as a European public good. What conditions must be met to protect its integrity?
- Analyze the relationship between real economic convergence and the sustainability of the Internal Market. What risks arise in the event of persistent divergences between Member States?

- Explain how economic and financial crises can affect the functioning of the Internal Market, referring to the impact on investment, consumption and employment.
- Discuss the risk of regulatory fragmentation and internal protectionism. To what extent can these undermine the principle of institutional solidarity?
- Analyze the impact of digital transformation on the Internal Market. What challenges does the digital economy pose in terms of competition, data protection and security?
- Explain how the green transition redefines the conditions of competitiveness within the Internal Market and why a balance between climate ambition and social fairness is needed.

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UNIT XIV. EUROPEAN TRADE POLICY AND STRATEGIC AUTONOMY.

14.1. European Union trade policy in the context of open strategic autonomy
14.2. The institutional and legal framework of the common commercial policy
14.3. Modern instruments of trade policy: liberalization, protection and economic security
14.4. The European Union in the multilateral trading system and the reform of the World Trade Organization

The purpose of the topic: Forming a clear perspective on the role and mechanisms through which the EU exercises its exclusive competences in the field of international trade, both within the WTO and through bilateral and regional agreements.

The objectives of the topic. After studying this topic you should be able to:

- describe the objectives and fundamental principles of the European Union's common commercial policy;
- to analyse the mechanisms and instruments used by the EU to regulate international trade, including trade agreements and customs tariffs.
- to assess the impact of trade policy on the economy of Member States, competitiveness and intra- and extra-EU trade.
- to examine the role of the European Union in international trade organisations and multilateral negotiations.
- interpret the effects of globalization and trade regulations on the economic strategies of the EU and its member states.
- to develop the capacity for critical analysis and argumentation regarding the challenges and prospects of European trade policy.

14.1. European Union trade policy in the context of open strategic autonomy

Trade policy expresses the totality of regulations of a legal, administrative, fiscal, budgetary, financial, banking, currency, etc. nature adopted by a country or a community of countries in order to stimulate or restrict foreign trade, according to its own interests. Trade policy is one of the main pillars of the European Union's relations with third countries.

The creation of a common commercial policy was part of the initial plan for European economic integration, so the commercial policy of the EU (originally the EEC) has been broadly common with the rest of the world since 1968, with the creation of the Customs Union.

Since the Treaty of Rome, the common commercial policy has been included among the main instruments for achieving the integration of national markets into a single regional market with the aim of accelerating economic growth, raising economic efficiency and competitiveness and creating the premises for deepening interstate integration. For the European Community, the rationale for a common commercial policy lies in the fact that the free movement of goods and services within the Community cannot be achieved with different national commercial policies.

Based on the provisions of the Constitutive Treaties and other norms (secondary legislation, multi- and bilateral treaties concluded by the European Community) that regulate the EU's trade relations with third countries, it can be stated that the European Union has a common trade policy focused on the liberalization of trade in the industrial field and relatively protectionist in the agricultural sector. The main trade policy instruments can be:

- of a tariff (customs) nature;
- of a non-tariff nature;
- of a promotional and stimulating nature.

Tariff protection is achieved through customs duties.

Non-tariff barriers used in trade policies include quantitative regulations, anti-dumping measures, and other non-tariff measures.

Promotional and incentive trade policy measures aim to boost the global exports of the country (or community) in question.

The common commercial policy is based on the Treaty of Rome, whose Title I of Part II was entitled "Free movement of goods". It referred to the following aspects:

- the elimination of customs duties between member states;
- the establishment of the common customs tariff;
- elimination of quantitative restrictions between member states;
- dumping practices.

14.2. The institutional and legal framework of the common commercial policy.

The current legal framework for the EU's common commercial policy is that established by the Maastricht Treaty as amended by the Amsterdam Treaty. Thus, Articles 131 and 133 lay the foundations for the common commercial policy towards third countries. According to Article 131, by establishing a customs union between themselves, Member States shall aim to contribute, in the common interest, to the harmonious development of world trade, to the progressive abolition of restrictions on international trade and to the reduction of tariff barriers. The same Article provided that the abolition of duties between Member States shall have a favourable effect on the increase in the competitive strength of undertakings in these States.

By virtue of these provisions, it can be said that the objectives of this policy are:

- promoting trade with other states and free trade;
- increasing the competitive strength of community companies.

Article 133 establishes that the common commercial policy covers trade in goods, services and trade-related aspects of intellectual property rights. It also includes specific provisions on certain areas, such as audiovisual, culture, education, social and health services. The areas covered by the formulation of the common commercial policy are:

- changes in the level of customs duties;
- conclusion of customs and trade agreements;
- standardization of liberalization measures;
- export policy, trade protection measures (dumping or subsidies) and measures to strengthen customs cooperation between member states.

The basic principle governing the European Union's common commercial policy is set out in Article 3a of the Treaty on European Union, which states that the aim of this policy is to achieve an open market economy in which competition is free. The interpretation given to this princi-

ple is that, overall, the degree of protectionism in the single internal market should be continuously reduced.

Another provision of the Treaty is that commercial policy is built on uniform principles in the field of tariffs, trade agreements, trade liberalization, which implies that in matters of international trade agreements or trade measures towards third parties, a centralization of decisions must be achieved at Community level. However, also taking into account the existence of the principle of subsidiarity, the European Court of Justice has emphasized that the Community institutions and the national states must collaborate closely in the negotiation and signing of international trade agreements and, in addition, has established that certain services do not fall under the scope of the common commercial policy, and in the field of intellectual property rights, competences are shared between the two parties.

It should be noted that the European Union's common commercial policy has three dimensions:

a) the multilateral dimension, carried out mostly within the World Trade Organization (formerly GATT), which aims to promote market access rules in the context of ensuring effective global governance;

b) The bilateral/regional dimension, which is reflected in the bilateral agreements negotiated and concluded by the European Union outside multilateral negotiations within the WTO and by adopting specific measures with third countries or regional associations;

c) the unilateral dimension, which consists of the adoption and implementation by the European Union of unilateral measures as additional trade policy instruments in order to ensure development and/or political stability in line with the Union's political priorities. The most common form of these measures is that of trade concessions granted by the European Union to third countries on the basis of an economic interest in accelerating trade with a given region and increasing economic benefits for both parties.

As regards the multilateral dimension, the important role played by the European Community within the GATT and then the WTO (the successor of the GATT) can be highlighted. Thus, as a result of the eight rounds of multilateral negotiations carried out under the aegis of the GATT, the GATT rules and decisions were taken over into the Community acquis (so that they had to be respected and applied by the Community countries), a

system of international trade law was developed and a fairly extensive liberalization of trade between the GATT members was achieved.

The European Union's encouragement of trade is not only carried out in the multilateral context of the WTO, but also through preferential bilateral agreements with various countries or groups of countries in the form of free trade agreements or customs agreements.

The main bilateral/regional agreements of this type of the European Union include:

- free trade agreements with the European Free Trade Association, Mexico, South Africa, Switzerland;
- customs unions with Turkey, Andorra and San Marino;
- The European Agreements concluded in the early 1990s with the countries of Central and Eastern Europe (8 of which were already members of the European Union after May 1, 2004).

The European Union has also concluded unilateral agreements with a number of developing countries through which their access to the community market is preferential, without the EU partners granting preferential treatment to community exports.

This category includes two broad categories of agreements:

– Economic Partnership Agreements negotiated with ACP countries (Africa, Caribbean, Pacific) – Cotonou Agreement. The ACP Economic Partnership Agreement signed in February 2000 continues the non-reciprocal trade preferences granted under the Lomé Agreement for another 8 years, during which time the European Union intends to negotiate reciprocal free trade areas with subgroups of countries in Africa, the Pacific and the Caribbean. The signatories to these agreements have rights for all industrial products and most agricultural products. In fact, the countries of the ACP group benefit from the most liberal rules of origin in order to benefit the most from tariff reductions;

– the Mediterranean agreements, which include agreements with Algeria, Egypt, Israel, Lebanon, Morocco, the Palestine Liberation Organization, Syria and Tunisia.

The European Union always ensures that its bilateral agreements are compatible with the commitments undertaken within the World Trade Organization.

Within the unilateral dimension of its trade policy, the European Union uses the following:

– The Generalized System of Preferences (GSP), which is the classic instrument for stimulating development through the granting of preferential customs duties.

The GSP allows industrialized countries to grant trade concessions (duty-free access or a reduction in customs duties, depending on the sensitivity of the products and the type of preferences granted to the countries in question) in an autonomous manner. On the part of the European Union, most developing countries benefit from a preferential regime. Thus, in addition to the ACP and Mediterranean agreements, the EU allows Asian and Latin American countries to export manufactured goods and processed agricultural products to the EU at lower than normal customs duties. Also, for developing countries that comply with international agreements on environmental protection and the prohibition of child labor and forced labor;

– The Everything But Arms Initiative, which is a preferential scheme for the least developed countries. Special arrangements are provided for 49 countries classified by the United Nations as least developed. This initiative grants duty-free access to imports of all products from the least developed countries, without quantitative restrictions, except for imports of arms and ammunition. These preferences are granted by the European Union for an indefinite period;

– granting asymmetric preferences, in order to ensure peace, stability, freedom and economic prosperity in the region according to the concept of "Wider Europe".

The instruments of the European Union's common commercial policy are currently largely harmonised at EU level.

The main pillar of the EU's common commercial policy is the common external tariff, which was implemented since 1968, simultaneously with the elimination of customs duties between member countries, and whose application implies that a good or service from a third country is taxed only once, when it enters one of the member countries of the Union.

The common external tariff is characterized by:

- ad-valorem taxes on industrial products;
- specific taxes on agricultural products;

- exceptions regarding tariff maxima applicable mainly to certain agricultural products and sensitive industrial products;
- the multitude of tariff positions on which customs duties are not charged;
- the existence of tariff escalation (increase in customs duties as the degree of processing of the product increases) for certain products (textiles, rubber, tobacco, etc.).

Another instrument used within the EU's common commercial policy is quotas or quantitative restrictions, which, since 1994, have been defined at EU level rather than at national level. However, quantitative protection in the EU has been in decline. Thus, in the 1990s, extra-EU quantitative protection was limited and intra-EU quantitative protection was eliminated, and national quotas and all voluntary export restrictions were eliminated (except for textiles and clothing, according to the Multi-Fibre Agreement).

Also, since 1990, anti-dumping measures have been introduced, measures through which professional organizations or groups of European businesses can request retaliatory measures against foreign competitors considered unfair. The files are handled by the European Commission, which also proposes anti-dumping duties on products originating from certain countries or from certain companies, duties that must be approved by the Council.

Also, decisions on safeguard clauses (temporary restrictions on imports of certain products that endanger an industry of a member country or of the EU as a whole) are taken by the Commission and can be controlled by the Council. The main products that were targeted by safeguard measures were: textiles, steel and cars.

Regarding non-tariff barriers for goods and services, one of the conclusions of the OECD Global Forum in June 2003 in Paris was that the EU (like the US) makes extensive use of subsidies, and many other non-tariff barriers are used under the pretext of national security, health and environmental protection.

14.3. Modern instruments of trade policy: liberalization, protection and economic security.

The trade policy instruments currently used by the European Union can be divided into two broad categories:

- defensive tools;
- offensive tools.

Defensive instruments are those instruments that ensure fair trade and protect the interests of European companies. These instruments were designed in accordance with the provisions of the World Trade Organization which recognize the right of members of the organization to defend themselves against unfair trade practices.

The main defensive tools are:

- anti-dumping measures, whose role is to counteract dumping practices, the most common forms of trade-distorting practices;
- anti-subsidy and countervailing measures, with the aim of combating subsidies granted to producers by public authorities, subsidies that distort trade when they help to artificially reduce production costs or export prices to the European Union;
- Safeguard measures, which involve additional temporary restrictions on imports of a product if domestic production of that product is seriously affected or threatened with injury due to a sudden increase in imports. This type of measure can be taken by any member of the World Trade Organization.

The purpose of offensive instruments is to open markets and remove obstacles to trade through multilateral, bilateral and unilateral actions. The main offensive instruments are represented by:

- the regulation on trade barriers, a regulation that allows companies in the European Union to file a complaint with the European Commission if they encounter trade barriers that restrict their access to the market of third countries.

These regulations can also be used to assess the situation of non-compliance with international trade rules that cause negative trade effects, and if the result of the assessment is affirmative, the mechanism provided by the World Trade Organization for resolving disputes can be used;

- the database on market access for companies in the European Union which allows:
- obtaining information about the conditions for market access to non-European Union countries;
- ways for the European Commission to systematically follow up on complaints from companies in member countries regarding trade barriers in non-member countries;

- ensuring compliance by the European Union's trading partners with the obligations assumed through international agreements.

Given the data contained in this database, the European Commission has been able to act more effectively within the WTO or in bilateral agreements, identifying obstacles to trade. The database is thus a tool to support and substantiate the measures and initiatives that the European Union can take towards those trading partners that create commercial difficulties for Community companies. The Community institutions with responsibilities in the development and implementation of the common commercial policy are:

- Council of the European Union;
- European Commission;
- Advisory committees.

Member States also have certain limited powers, in the field of services and intellectual property. The acts implementing EU trade policy can be: regulations of general application, binding and directly applicable in the member states, directives that must be transposed into national law and practice in the member states, decisions binding on those concerned, decisions of general application, recommendations and opinions that have no binding force.

Decisions on the common commercial policy are based on proposals from the European Commission, which must be accompanied by the opinion of the "Article 133 Committee", a committee made up of policymakers from the Member States, whose work is mainly focused on examining Commission proposals or documents on international trade negotiations, reports on negotiations, trade disputes and specific trade problems faced by EU Member States. The final decision is taken by the Council and/or the European Parliament and may involve both the Court of Auditors and the EU's financial and advisory bodies (depending on the type of act and the issue to which it relates).

The European Union (EU) is the largest global trading actor, covering about 20% of world exports and imports (excluding intra-Community trade), playing an important role in promoting world trade based mainly on the multilateral system established by the World Trade Organization (WTO). The commercial power that the EU represents is based both on the united economic forces of the Member States and on the existence and application of a common, coherent commercial policy, uniformly applica-

ble on the single internal market of the 27 Member States and expressed with a single voice internationally. The common commercial policy represents the set of measures, instruments, policies applied in the field of external trade relations of the European Union. The common commercial policy has several major objectives in mind:

- developing community exports of goods and services, including by opening and consolidating new destination markets;
- ensuring adequate protection for the European goods and services industry, in particular through measures to combat unfair competition caused by certain imports from third countries;
- combating any measures of discrimination or impediment to access and development of exports of Community goods and services on third markets;
- ensuring a legal and institutional framework favorable to foreign direct investment, with adequate protection of investors and investments;
- supporting these objectives within international organizations, during multilateral trade negotiations;
- harmonious development of world trade, progressive abolition of restrictions in international trade and reduction of customs barriers;
- sustainable development through the integration of as many countries as possible into global trade;
- ensuring the inclusion of the environmental component in the development policy.

In a narrow sense, the common commercial policy involves the creation of a customs union between the member states of the European Union, the application of uniform principles regarding the modification of customs duties, the establishment of customs duties and the conclusion of trade agreements with third countries (non-EU members), the development and implementation of the policy regarding the common import and export regime, etc.

14.4. The European Union in the multilateral trading system and the reform of the World Trade Organization.

In a broad sense, the common commercial policy derives largely from the rules contained in the agreements concluded within the WTO.

The basis of the common commercial policy is the common customs tariff applied in relations with third countries. The common rules on exports and imports are complemented and supported by common regulations on anti-dumping and safeguard measures, measures against import subsidies or illicit trade practices, as well as quantitative restrictions and trade prohibitions in matters of foreign policy.

The European Union has concluded numerous trade agreements (free trade and cooperation agreements) with third countries. Some of these cover all aspects of trade relations, others only concern certain areas of trade.

The EU's policy of supporting developing countries is also exemplified by the Generalized Scheme of Preferences (GSP), through which the European Union grants trade preferences for exports (of originating goods) from developing countries.

In addition, EU development aid complements the aid schemes of EU Member States. Through trade and cooperation structures focused on poverty reduction and the reform of social and economic structures, assistance is provided to a significant number of third countries.

For the single market and the customs union to function, it is necessary for the European Union to have a unified set of import and export rules and for it to have a single voice in relations with non-member states. For this reason, the Member States have given the European institutions the mandate to negotiate on their behalf in the field of external relations. The common commercial policy has a particular political significance, representing the external aspect of the single market and the policy in this field of the largest trading power in the world.

This delegation by the Member States does not mean renouncing the rights and obligations that the Member States have in formulating EU trade policy and in monitoring the way in which the European Commission complies with the negotiating mandates granted by the Member States.

The responsible involvement of Member States in the process of formulating the EU's common commercial policy has been reinforced by the Global Europe Strategy, designed to ensure even closer cooperation between the Commission, Member States, business, academia and Member States' representatives in third countries. On 1 December 2009, the Lisbon Treaty entered into force, which, through Article 207, allows the European Union to negotiate, conclude and implement trade agreements with other countries in the world.

When developing and implementing the common commercial policy, the European Commission negotiates on behalf of the EU Member States in consultation with a special committee, the Trade Policy Committee (TPC). The TPC is composed of representatives of the 28 Member States and the European Commission. Its main function is to coordinate the EU's trade policy. It discusses all trade policy issues affecting the Community, from strategic issues of WTO negotiating rounds to specific issues of individual product exports. In this Committee, the Commission presents and secures the support of all EU Member States on all trade policy issues. The European Commission cannot take decisions without the agreement of the Member States, and important decisions with effects on the EU's import and export regime are reconfirmed by the EU Council.

The common commercial policy is implemented with the help of commercial policy instruments, namely the import customs tariff, trade defense measures, regulations on sanitary and phytosanitary measures, compliance with intellectual property rights starting from the moment of customs clearance, quantitative limitations on import or export, import/export licensing systems, import/export surveillance documents, the dual-use goods trade regime and mutual recognition agreements, etc.

The development and implementation of the common commercial policy aims at: changes in the level of customs duties, the conclusion of trade agreements (preferential, non-preferential, customs cooperation), the standardization and non-discrimination of trade liberalization measures, export policy and the application of trade defense measures (such as those taken in case of dumping or subsidies), but also the adoption of measures aimed at strengthening customs cooperation between EU member states and between them and the European Commission.

The Lisbon Treaty grants an increased role to the European Parliament, giving it full decision-making rights in the field of trade policy, compared to the previous situation when only the EU Council was responsible for adopting trade legislation, while the European Parliament was consulted and involved in the ratification process of trade agreements only in a few limited major cases.

During the last decades of operation (development and implementation) of the common commercial policy, the European Union has developed complex trade relations within the framework of multilateral, re-

gional or bilateral negotiations. Apart from the GATT/WTO negotiation rounds, the best known EU external trade arrangements are the Cotonou Convention (formerly known as the "Lomé Convention"), the Generalised Scheme of Preferences (GSP), the European Economic Area (EEA) and, more recently, the Economic Partnership Agreements.

Customs Unions have been agreed between the EU and some third countries (Andorra, Monaco, San Marino and Turkey), as an advanced form of economic integration, even if they are imperfect because they only cover industrial products. Trade or association agreements aiming to establish free trade areas have been concluded with countries covering a considerable geographical area, from Southern Europe (the former Yugoslav Republic of Macedonia, Albania, Serbia, Montenegro, Bosnia and Herzegovina, Croatia), in the Mediterranean basin through the Euro-Mediterranean Partnership (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority, Syria and Tunisia), North America (Mexico), Asia (Korea), Africa (South Africa), the Andean Community and Central America.

The EU's common commercial policy operates on two complementary levels. On the multilateral level, the work is carried out within the World Trade Organization (WTO), with the EU actively involved in establishing the rules for organizing a multilateral system of global trade. On the bilateral level, the EU negotiates its own bilateral trade agreements with countries or regional groups of countries where the interest in developing trade is important.

Currently, negotiations are underway for free trade agreements with: Canada, India, Singapore, Malaysia, Ukraine, Saudi Arabia, MERCOSUR countries, Gulf countries and new deep and comprehensive EPAs. The EU also aims to launch negotiations for free trade agreements with Japan, Armenia, Azerbaijan, Georgia, Brunei Darussalam, Moldova and ASEAN countries.

Signed on 25 April 2005 in Luxembourg, the Accession Treaty provides for the accession of Romania and Bulgaria to the European Union. It reflects the conditions for Romania's (and Bulgaria's) accession to the European Union and represents the full result of the negotiation process of the 31 chapters. Of the 31 negotiating chapters, the Community acquis relating to Chapter 26 - External Relations covers the economic and trade relations of the European Community with third countries as regards the import regime, the export regime, trade defence measures, the

World Trade Organisation and the multilateral trading framework, as well as economic cooperation and development assistance.

Another chapter whose community acquis has relevance for external relations is Chapter 25 – Customs Union, the acquis consisting mainly of a number of instruments that ensure the functioning of the Customs Union, namely the Community Customs Code and its implementing provisions; the Combined Nomenclature; the Common Customs Tariff including trade preferences, quotas and suspensions, as well as related legislation, which goes beyond the scope of the customs code, such as legislation on counterfeit or pirated goods, drug precursors and the export of cultural goods.

The Accession Treaty was ratified by Romania by Law No. 157/2005 (Law No. 157/2005 for the ratification of the Treaty between the Kingdom of Belgium, the Czech Republic, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, the Republic of Hungary, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland (Member States of the European Union) and the Republic of Bulgaria and Romania on the accession of the Republic of Bulgaria and Romania to the European Union, published in the Official Gazette 465/01 June 2005).

The Treaty contains a clause stipulating that, from the date of accession, Romania (and Bulgaria) become parties to the Treaties on which the Union is founded, as amended or supplemented. In this context, an Act of Accession and an Accession Protocol were drawn up, the content of which is similar: Part I (Principles) of the Act of Accession/Accession Protocol contains definitions and provisions on the binding nature for Romania and Bulgaria of the fundamental Treaties (Treaty on European Union -TEU- and Treaty on the Functioning of the European Union -TFEU) and of the acts adopted by the Community institutions and the European Central Bank prior to the accession of these states to the EU.

In 2025, the European Union's trade policy is undergoing a process of strategic recalibration, driven by geopolitical transformations, the re-

configuration of global supply chains and the pressures of the green and digital transition. In an international context marked by multipolarity, selective protectionism and technological competition, the Union is trying to combine its traditional orientation towards trade openness with the need to strengthen strategic autonomy.

The common commercial policy is an exclusive competence of the European Union, regulated by the Treaty on the Functioning of the European Union (Articles 206–207 TFEU). This gives the European institutions – in particular the European Commission – the mandate to negotiate trade agreements on behalf of all Member States. Decisions are adopted by the Council of the EU, with the involvement of the European Parliament, which reflects the balance between the supranational dimension and democratic legitimacy.

In 2025, the Commission continues to play a central role in the development and implementation of trade strategy, simultaneously pursuing economic, geopolitical and sustainability objectives. Trade policy is no longer perceived exclusively as an instrument of tariff liberalization, but as a complex mechanism of normative and strategic influence.

A key concept of European trade policy in 2025 is "open strategic autonomy". This involves maintaining openness to international trade, but reducing critical dependencies in sensitive areas such as energy, advanced technologies, essential raw materials and strategic components. Recent experiences – the pandemic, geopolitical tensions and supply chain disruptions – have highlighted the vulnerabilities generated by excessive concentration of production in certain regions. Accordingly, the EU promotes:

- diversification of commercial partnerships;
- strengthening domestic industrial capacities;
- foreign investment screening mechanisms;
- support policies for strategic sectors.

This approach seeks to avoid both isolationism and excessive dependence, placing trade policy in a logic of balance between economic efficiency and economic security. In 2025, the European Union continues to expand its network of bilateral and regional trade agreements. The new generation agreements include not only tariff reductions, but also chapters on:

- investment protection;
- environmental standards;
- labor rights;

- digital economy;
- sustainable development.

Trade policy is thus becoming a tool for promoting European values globally. By including high standards on sustainability and fundamental rights, the EU is strengthening its role as a global normative actor. At the same time, trade relations are increasingly linked to geopolitical considerations. Strategic partnerships with emerging economies and neighbouring countries are used to strengthen regional stability and reduce critical dependencies. Digital transformation is profoundly influencing trade policy. E-commerce, data flows and digital services are becoming essential components of international trade. The EU is promoting rules on:

- data protection;
- fair competition in digital markets;
- combating anti-competitive practices;
- algorithmic transparency.

In this context, trade policy interacts with industrial policy and digital single market regulations, generating an integrated approach to competitiveness. In 2025, the integration of climate objectives into trade policy is a strategic priority. Carbon border adjustment mechanisms, environmental standards and sustainability criteria become tools through which the EU tries to prevent "carbon leakage" and protect the competitiveness of European industry. However, this integration raises challenges:

- the risk of trade tensions with external partners;
- the need for compatibility with World Trade Organization rules;
- balancing climate ambition with economic competitiveness.

Trade policy thus becomes a vector of the green transition, contributing to achieving climate neutrality objectives by mid-century. In a global environment marked by intense competition and state interventions in the economy, the EU uses trade defence instruments to combat:

- dumping;
- distortive subsidies;
- unfair trade practices.

Strengthening investment control mechanisms and regulations on foreign subsidies reflects a trend to protect the domestic market against external distortions.

European trade policy in 2025 faces multiple challenges:

- balancing trade openness with protecting strategic interests;

- managing tensions between high European standards and global competitiveness;
- adapting to the fragmentation of the multilateral trading system.

Looking ahead, the success of trade policy will depend on the Union's ability to integrate the economic, geopolitical and sustainability dimensions into a coherent strategy.

Review problems

- Describe the objectives and fundamental principles of the European Union's common commercial policy.
- Analyze the mechanisms and instruments used by the EU to regulate international trade, including trade agreements and customs tariffs.
- Assess the impact of trade policy on the economy of member states, competitiveness and intra- and extra-EU trade.
- Examine the role of the European Union within international trade organizations and multilateral negotiations.
- Interpret the effects of globalization and trade regulations on the economic strategies of the EU and its member states.
- Analyze and argue the challenges and prospects of European trade policy.

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UNIT XV: EUROPEAN UNION MONETARY POLICY IN THE CONTEXT OF ECONOMIC RESILIENCE AND GLOBAL TRANSFORMATIONS.

15.1. European monetary policy in 2025: objectives, price stability and the role in strengthening economic resilience.

15.2. Institutional architecture and current legal framework of monetary policy: ECB, Eurosystem and interaction with the economic governance of the euro area.

15.3. From monetary integration to deepening the Economic and Monetary Union: post-crisis reforms and stabilization mechanisms.

15.4. The euro in the global economy: economic impact, financial integration and challenges in the context of digitalization and green transition.

The purpose of the topic: Analysis of the process of establishing and operating the Economic and Monetary Union of the European Union, highlighting the mechanisms of European monetary policy, the stages of introducing the euro, its impact on the economies of the member states and the role of European institutions in maintaining financial and monetary stability.

Topic objectives: After studying this topic you will be able to:

- explain the historical and economic premises of the formation of the Economic and Monetary Union;
- describe the stages of the evolution of European monetary integration, from the European Monetary System to the introduction of the euro;
- identify the role and responsibilities of the European institutions involved in implementing the common monetary policy;
- analyze the convergence criteria established by the Maastricht Treaty and their importance for economic stability;
- to explain the principles and objectives of the European Union's monetary policy;
- assess the impact of the introduction of the euro on financial markets, the banking system and the business environment;

- analyze the advantages and limits of the functioning of the single currency in the context of European economic integration;
- argue the role of the euro in strengthening economic competitiveness and macroeconomic stability in the European area;
- to apply theoretical knowledge in interpreting current developments in European monetary policy and economic integration.

15.1. European monetary policy in 2025: objectives, price stability and the role in strengthening economic resilience.

One of the major directions of the evolution of the contemporary world economy is the intensification of regional integration processes. These processes are generated by the growing interdependence between national economies, the expansion of trade, financial and investment flows, as well as the need to strengthen economic competitiveness in the context of globalization. Within these processes, monetary integration plays an essential role, representing a fundamental component of regional economic integration.

Monetary integration is, on the one hand, a consequence of economic integration, and on the other hand, a determining factor in its deepening. The elimination of currency barriers and the harmonization of monetary policies contribute to the efficient functioning of common markets, to facilitating the movement of capital and to reducing the risks generated by exchange rate fluctuations. In this sense, regional monetary integration constitutes a subsystem of the international monetary system and contributes to the stabilization of global financial relations.

The process of monetary integration involves the creation of common institutional mechanisms, the development of coordinated monetary policies and the establishment of forms of collective regulation of currency relations between participating states. The intensification of monetary integration in recent decades has been determined not only by the need to facilitate economic exchanges, but also by the desire of states to reduce vulnerability to the volatility of international financial markets.

The concept of using a common currency in Europe has distant historical roots. The idea of standardizing monetary systems has been evoked since Antiquity, being supported by political leaders and thinkers who promoted economic and commercial integration between different

territories. In the medieval period, various attempts at monetary harmonization were made, especially within the framework of trade alliances. In the modern era, the first concrete initiatives for monetary integration appeared in the 19th century, with the development of capitalism and the intensification of international trade. A relevant example is the Latin Monetary Union, created in 1865 by France, Belgium, Italy and Switzerland, which aimed to standardize currencies and facilitate international payments. Later, the Scandinavian Monetary Union established a common currency based on the gold standard, facilitating the free circulation of coins and banknotes between participating states. In the 20th century, monetary integration evolved in the form of currency blocs and zones, characterized by the coordination of monetary policies and the anchoring of the currencies of the participating states to the currency of a dominant country. These structures contributed to the stabilization of economic relations, but they also generated economic and financial dependencies between states. The creation and operation of the Economic and Monetary Union (EMU) represents one of the most advanced forms of regional economic integration. Its foundation is the existence of an integrated internal market, characterized by the free movement of goods, services, capital and people.

After World War II, European states made significant efforts to achieve monetary cooperation. In some cases, monetary integration was achieved by adopting the currency of a stronger country by a smaller state, and in other cases by transferring monetary policy powers to supranational institutions. A relevant example is the monetary union between Belgium and Luxembourg, established in 1944.

The Treaty of Rome (1957) laid the foundations for European economic cooperation, but did not explicitly provide for the achievement of a monetary union. However, deepening economic integration generated the need for monetary policy coordination, which subsequently led to the establishment of the European Monetary System (EMS) and the introduction of the single currency, the euro.

The process of European monetary integration was achieved gradually, through several stages, culminating in the introduction of the euro in 1999 in scriptural form and in 2002 in cash. Currently, the euro area includes 21 member states of the European Union, Austria, Belgium, Bulgar-

ia, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. Bulgaria officially became the 21st member of the euro area on 1 January 2026, after fulfilling the convergence criteria, which confirms the continuous evolution of monetary integration. States such as Denmark benefit from special opt-out clauses, while other member states are in the process of convergence towards the adoption of the single currency. Economic and Monetary Union involves:

- the existence of a common monetary policy;
- coordination of economic and fiscal policies;
- the use of a single currency;
- complete liberalization of capital movements;
- the existence of a common institutional framework, dominated by the European System of Central Banks and the European Central Bank.

European monetary integration involves several forms of convergence. First, monetary convergence implies exchange rate stability and compliance with the criteria set out in the Maastricht Treaty, which include price stability, fiscal discipline, interest rate stability and exchange rate stability. Second, economic convergence implies harmonising the economic structure, coordinating fiscal and budgetary policies and strengthening economic governance mechanisms. After the 2008 global financial crisis and the euro area sovereign debt crisis, the European Union introduced additional instruments of economic coordination, such as the European Fiscal Compact, the European Semester and the European Stability Mechanism. Monetary policy is the set of measures adopted by monetary authorities to influence the money supply, interest rates and the stability of the financial system. Within the European Union, monetary policy for the euro area countries is developed and implemented by the European Central Bank, whose main objective is to maintain price stability.

According to the updated ECB strategy adopted in 2021, price stability is defined as maintaining inflation at a level of around 2% over the medium term. In the period 2022–2024, the ECB's monetary policy was marked by increasing interest rates in response to inflation generated by the energy crisis and disruptions to global supply chains. In 2024–2025, European monetary policy gradually shifted towards stabilising interest rates and strengthening economic resilience. In the economic literature

and in European institutional practice, monetary policy pursues several ultimate objectives:

- ensuring price stability;
- supporting sustainable economic growth;
- maintaining a high level of employment;
- interest rate stability;
- exchange rate stability and balance of payments equilibrium;
- strengthening the stability of the financial system and the efficient allocation of financial resources.

The process of European monetary integration can be analyzed through several relevant historical stages. The first stage was represented by the European Payments Union (1950-1958), which facilitated the convertibility of European currencies and the development of international trade through multilateral payment compensation mechanisms. The second stage was marked by the European Monetary Agreement (1958-1972), which contributed to the liberalization of foreign exchange and the strengthening of cooperation between European central banks. The third stage coincided with the operation of the Bretton Woods system, characterized by fixed exchange rates relative to the US dollar. After the collapse of this system in the 1970s, European states introduced the regime of controlled flexible exchange rates. Subsequently, European monetary integration evolved through the „monetary snake" mechanism and the creation of the European Monetary System in 1979, which represented an important stage in stabilizing exchange rates and preparing for the introduction of the single currency.

Currently, the European Union's monetary policy is influenced by major challenges such as the digitalization of the financial system, climate change, energy transition and geopolitical developments. The European Central Bank is considering the introduction of the digital euro currency, a project in the preparation and testing phase until 2026-2027, with the aim of strengthening European monetary sovereignty and adapting the financial system to the digital economy.

In conclusion, the European Union's monetary policy represents a central element of European economic integration, contributing to macroeconomic stability, the consolidation of the internal market and the growth of the European Union's role in the global economy.

15.2. Institutional architecture and current legal framework of monetary policy: ECB, Eurosystem and interaction with the economic governance of the euro area.

Although the founding treaties (Rome, 1957) did not explicitly enshrine, from the beginning, the objective of a single currency, the logic of the common market/internal market (free movement of goods, services, capital and people) gradually generated the need for a coherent monetary framework. The liberalization of capital flows and the integration of financial markets amplified macroeconomic interdependencies, so that monetary stability became a condition for the efficient functioning of the single market, not just an optional „benefit" of integration.

Institutionally, the first forms of consultation and coordination (such as monetary committees) were designed to manage tensions between national autonomy and common objectives. Later, as the Economic and Monetary Union (EMU) project matured, monetary policy was configured as an exclusive competence for the states using the euro, exercised through a supranational central banking system designed to combine unity of decision-making with decentralized implementation.

A. Legal basis of monetary policy in the EU

1) Primary law: the EU treaties. The current architecture is based on:

- The Treaty on European Union (TEU) – which sets out the purposes and principles of the functioning of the Union (including the coordination of economic policies and the role of EMU in the European project);
- The Treaty on the Functioning of the European Union (TFEU) – which details the EMU regime, the objectives of monetary policy, the attributions of the institutions and the rules for economic and fiscal-budgetary coordination.

In applied terms, monetary policy (for eurozone states) is built around:

- the fundamental objective: price stability;
- the principle of independence of the European Central Bank (ECB) and the national central banks (NCBs) in the exercise of their tasks within the system;
- classical prohibitions likely to prevent fiscal dominance (e.g., direct monetary financing of public deficits).

2) Protocols annexed to the treaties - The protocols have the role of operationalizing the treaties and providing legal precision:

- Protocol on the Statute of the ESCB and of the ECB (governance rules, instruments, operations, capital);
- Protocol on the excessive deficit procedure (budgetary discipline);
- Protocol on the convergence criteria (conditions for adopting the euro);
- Protocol on the Eurogroup (political coordination of the euro area states);
- Protocol on the Danish opt-out clause (special regime for non-adoption of the euro).

3) Relevant intergovernmental treatments and arrangements - After the economic and financial crises, EMU governance was complemented by intergovernmental instruments that strengthen discipline and stability mechanisms, such as:

- Treaty on Stability, Coordination and Governance (TSCG);
- European Stability Mechanism (ESM/ESM);
- political coordination formulas and commitments (e.g. convergence and competitiveness pacts/arrangements), to the extent that they support the stability of the EMU.

B. Key institutions and distribution of powers

1) European Central Bank (ECB) – monetary decision-making center. The ECB is the institutional core of monetary policy for the euro area. Its mandate is built around the maintenance of price stability, and in relation to this objective the ECB:

- defines the monetary policy orientation;
- decides on operational tools and parameters;
- coordinates implementation through the euro area NCBs;
- contributes to financial stability (within the limits of its mandate) and cooperates with European authorities.

Governance: monetary decision-making is mainly taken by the Governing Council (members of the Executive Board + governors of the euro area NCBs).

2) European System of Central Banks (ESCB) – "EU-27" framework. The ESCB includes the ECB + all national central banks of the EU Member States (regardless of whether they have adopted the euro or not).

In functional terms, the ESCB expresses the unity of principles at Union level, but the single monetary policy applies in full only to the euro area states.

3) Eurosystem – "euro area" in an operational sense. The Eurosystem consists of the ECB + the national central banks of the countries that have adopted the euro. After Bulgaria adopted the euro on 1 January 2026, the euro area reached 21 countries, and the Eurosystem includes the ECB and 21 NCBs. The Eurosystem was preferred to a completely single central bank (100% centralised) in order to capitalise on the operational infrastructure and experience of the NCBs, while maintaining a common monetary decision.

C. Institutions with complementary roles (economic, fiscal, democratic control)

Even though monetary policy (in the euro area) is exercised predominantly through the ECB/Eurosystem, the functioning of the EMU depends on a broader institutional ecosystem:

- **EURO GROUP**: policy coordination forum for finance ministers of euro area countries (macroeconomic alignment, common guidelines).
- **ECOFIN Council**: adopts economic and financial decisions at EU level and plays a role in coordinating economic policies and in files relevant to EMU.
- **European Commission**: monitors convergence, budgetary discipline, coordination of economic policies and formulates proposals/reports.
- **European Parliament**: role of democratic control and debate (including hearings and monetary dialogue).
- **Court of Auditors**: audit of EU financial management (with indirect relevance for the EMU architecture).
- **Court of Justice of the EU**: guarantees the uniform interpretation of EU law, including on institutional and economic governance matters.

Table 15.1: Summary of the functioning of the EMU

Structure/ Institution	Structure	Leading role in EMU
ECB	EU institution (own bodies)	decides monetary policy for the euro area; price stability
ESCB	ECB + all NCBs (EU)	general framework of central banks in the EU
Eurosystem	ECB + euro area NCBs (21 in 2026)	effectively implements the single monetary policy
Eurogroup	eurozone finance ministers	economic policy coordination in the euro area
ECOFIN	finance ministers (EU)	economic and financial coordination at EU level
Commission / EP / CJEU / CCA	EU institutions	oversight, democratic legitimacy, legal control/audit

The monetary policy of the euro area is implemented through a set of instruments that aim to: anchor inflation expectations, stabilize monetary and financial conditions, and ensure the uniform transmission of ECB decisions to the economies of the Member States. In operational terms, the set of instruments can be organized into standard (conventional) instruments and unconventional instruments, used especially in contexts of crisis, very low rates or financial fragmentation.

Conventional (standard) tools:

A. Open market operations (open market operations)-These operations are essential for: managing liquidity, signaling monetary policy stance and guiding money market rates. The main categories:

- Main refinancing operations (MRO) – usually with a weekly frequency; they are the "backbone" of short-term liquidity provision.
- Longer-term refinancing operations (LTRO) – to adjust the liquidity structure and stabilize funding conditions.
- Structural operations – aimed at adjusting the Eurosystem's structural position towards the financial sector (e.g. when a persistent repositioning of the liquidity surplus/deficit is sought).
- Fine-tuning operations – one-off interventions to counter unexpected liquidity fluctuations and limit overnight rate volatility (e.g. reverse transactions, foreign exchange swaps, term deposits). The ECB

announced reconfigurations of the operational framework in a context of balance sheet reduction, with an emphasis on a greater role for bank refinancing and on adjusting the parameters for stabilizing short-term rates.

B. Standing facilities-The purpose of standing facilities is to create a corridor of very short-term rates, limiting excessive fluctuations in the money market.

- Marginal lending facility: provides overnight liquidity at a rate, usually higher than the market rate (tends to function as a „ceiling" of the corridor).
- Deposit facility: allows overnight liquidity to be placed with the central bank (tends to function as the „floor" of the corridor).

In the contemporary Eurosystem model, the deposit facility rate is of particular importance, often being the main benchmark for the overnight rate in conditions of excess liquidity.

C. Minimum reserve requirements-The minimum reserve system aims to: stabilise rates, strengthen the structural demand for reserves and improve control over monetary conditions. In practice, credit institutions are required to hold reserves with the NCB as a percentage of eligible liabilities. In the context of the review of the operational framework, the ECB has maintained the reserve requirement at 1%, according to reports on the 2024 decision, in order to avoid further compression of bank profitability and manage the transition to a regime with less liquidity.

Unconventional tools

In times when standard instruments are insufficient (e.g. rates close to zero, financial crises, energy or geopolitical shocks), the ECB has used measures such as:

- **asset acquisitions**(APP-type programs) and emergency interventions (PEPP-type in pandemic crisis years), to reduce risk premia, stabilize markets and support monetary transmission;
- **targeted refinancing operations**(TLTRO), aimed at stimulating lending to the real economy;
- **forward guidance**as an anticipation management tool;
- subsequently, in the normalization phase, balance sheet reduction (by slowing/withdrawing reinvestments, repayments and portfolio adjustments), to recalibrate monetary conditions in an orderly manner.

15.3. From monetary integration to deepening the Economic and Monetary Union: post-crisis reforms and stabilization mechanisms.

The evolution of the European Monetary System (EMS) in the second half of the 1980s – a relatively more stable period after the turbulent episodes of the previous decade – created political and economic conditions favourable to the relaunch of the monetary integration project. Against the backdrop of the accelerated liberalisation of capital movements and the intensification of interdependencies between the economies of the Member States, the structural incompatibility between: (a) high capital mobility, (b) the maintenance of almost fixed exchange rates and (c) the autonomy of national monetary policies became increasingly evident. This "impossible triad" (in its European version) led the community leaders to opt for a sustainable institutional solution: the transfer of monetary powers to a supranational framework and the adoption of a single currency.

A turning point was the initiative of the European Council (1988) to mandate a committee of experts, chaired by Jacques Delors, to formulate a coherent plan for the achievement of Economic and Monetary Union. The Delors Report (1989) proposed three stages for the construction of EMU and explicitly integrated the objective of price stability with the need for coordination of economic policies as a precondition for the single currency.

Essentially, the Delors Report discussed three options:

- permanent fixed parities between national currencies (no single currency);
- common currency used in parallel with national currencies (view traditionally supported by Great Britain, with an expanded role for the ECU);
- single currency, as the final solution to eliminate internal currency risk and consolidate the single market.

The single currency option was considered the most institutionally robust, as it reduces transaction costs, eliminates exchange rate uncertainty within the Union and strengthens monetary policy coherence.

The Delors model was put into practice within the political process that culminated in the Maastricht Treaty, defining a three-phase trajectory:

Stage I (starting July 1, 1990)– aimed at the complete liberalization of capital movements and the strengthening of macroeconomic convergence, in particular through closer coordination of monetary policies and the orientation towards price stability. During this stage, financial markets integrated rapidly, and the costs of maintaining relatively fixed exchange rates in conditions of high capital mobility increased significantly.

Stage II (January 1, 1994 – December 31, 1998)– was marked by the establishment of the European Monetary Institute (EMI), based in Frankfurt, as a bridge institution between intergovernmental cooperation and the supranational central bank. The EMI had the role of:

- strengthening cooperation between national central banks;
- supervision of the functioning of the European monetary mechanisms;
- technical and institutional preparation for the single monetary policy (including payment infrastructures and operational harmonisations).

Stage III (from January 1, 1999)– introduced the single currency in scriptural form and transferred monetary powers to the Eurosystem/ESCB, with the European Central Bank (ECB) in a central role, and subsequently (January 1, 2002) the transition to euro cash was achieved.

Admission to the final stage of EMU was conditional on the fulfilment of nominal convergence criteria, established to avoid the premature entry of an unstable economy from transferring inflationary pressures or fiscal risks to the entire currency area. In their classic form, the criteria concerned:

- inflation (closer to the performance of the most stable states);
- long-term interest rates;
- budget deficit (reference: 3% of GDP);
- public debt (reference: 60% of GDP, with interpretations related to the downward trend);
- participation in the exchange rate mechanism (ERM/SME) for a sufficient period, without major tensions.

In practice, the application of the criteria combined numerical rules and qualitative judgments (sustainability of the fiscal-budgetary trajectory, quality of adjustments, structural risks), precisely because statistical data (e.g. national accounts) are subject to revisions and because shocks can be asymmetric across economies. In order to maintain discipline after entering EMU (not just to achieve it before), the Union developed fiscal surveillance

mechanisms, enshrined in the Stability and Growth Pact (SGP). The rationale of the SGP was to limit budgetary slippages that could put pressure on the single monetary policy or create negative externalities in the euro area. After successive crises (global financial crisis, sovereign debt crisis, pandemic, energy shock), the European fiscal framework was adjusted. Relevant for the update of course notes, the EU adopted the economic governance reform (new framework of fiscal rules), with increased emphasis on:

- multi-year spending and debt trajectories;
- national adjustment and investment plans;
- greater differentiation depending on the situation of each state.

This change marks the transition from a relatively rigid interpretation of the thresholds (3% and 60%) to an approach that more explicitly pursues debt sustainability and the financing capacity of priority public investments, under conditions of macroeconomic stability.

The euro area continued to expand gradually. An important milestone, relevant „today" for the course, is the adoption of the euro by Bulgaria on 1 January 2026, which increased the number of euro area states. This expansion confirms the logic of the phasing: participation in the preparatory mechanisms, fulfillment of the criteria and political decision at the level of the EU institutions. The achievement of EMU was not only a political decision, but also a major logistical and technological project: the conversion of contracts, the adaptation of accounting systems, the harmonization of payments and ensuring the functioning of settlement infrastructures.

In recent years, the Eurosystem has continued to modernise its payment infrastructure. A key example is the evolution of TARGET (real-time gross settlement and related services) services, through consolidations and new operational platforms aimed at increasing the efficiency and resilience of the system. Beyond cash and classical monetary policy, European monetary integration is facing new challenges: the digitalisation of payments, competition from global private solutions and discussions on a possible form of a "digital euro". According to recent public information, gradual implementation scenarios are being analysed at the ECB level, depending on the European legislative framework and design options (including limitations to avoid massive migration of bank deposits).

15.4. The euro in the global economy: economic impact, financial integration and challenges in the context of digitalization and green transition.

The introduction of the euro has had economic and institutional effects since 1 January 1999, when the euro became the currency used in interbank transactions and in relations between central banks and the financial sector, and the capital markets of the participating states began to operate predominantly in euro. For governments, the euro became a benchmark for drawing up public budgets and financing public debt in the euro area. Large companies quickly switched to the euro, being stimulated by direct advantages:

- eliminating costs and currency risk in intra-European transactions;
- increased price transparency, with increased competition in sales and services;
- standardization of accounting, reporting and IT systems (ERP, invoicing, payments).

Small and medium-sized enterprises (especially those integrated into the supply chains of large companies) were also pushed to adopt, to avoid losing contracts and competitive access to euro area markets. During the transition period, many countries introduced dual price display (in euro and national currency) to reduce adjustment costs and consumer confusion. From the perspective of the banking system, the euro accelerated the integration of payment transactions and reduced currency frictions:

- banks have offered the possibility of converting accounts into euros since 1999, and payments could be made in euros without the traditional barriers of conversion;
- in the 1999–2001 transition, economic agents could choose the payment currency (euro or national currency), and banks had technical conversion obligations; after January 1, 2002, euro cash became the pivot of cash payments in the participating states;
- the dependence on manual procedures and high fees associated with clearing in different currencies (especially in the initial phases) was reduced.

In parallel, standards regarding the quality and authenticity of banknotes have been strengthened: banknotes are sorted and checked au-

tomatically, and unsuitable ones are withdrawn from circulation, to maintain public confidence in cash.

The euro also functions as a currency for international storage and trading: some euro banknotes circulate and remain outside the euro area, a phenomenon accentuated in times of financial turmoil, when the euro is perceived as a relatively stable „safe haven" (frequently cited estimates indicate a significant share of euro cash held outside the euro area). The expansion of the euro area continues: Bulgaria adopted the euro on 1 January 2026, becoming the 21st euro area state and increasing the total number of users to over 350 million.

States have applied different deadlines for the exchange of national banknotes and coins, usually set by the national central banks. Example (Croatia – kuna): banknotes can be exchanged without a time limit, and kuna coins until 31 December 2025.

Note:for the states that entered the euro area earlier, the deadlines (especially for currencies) were, in many cases, limited; for exact verification on each state, the reliable reference remains the national central bank / official documents on the changeover to the euro. (A synthetic reference is also presented in the ECB materials on the euro).

Among the positive effects associated with the single currency, the following stand out:

- reducing currency risk in the intra-European area and reducing hedging costs;
- convergence of interest rates and the development of integrated financial markets;
- price transparency (greater comparability between states, including for consumers);
- strengthening economic coordination and macroeconomic discipline (in particular through budgetary rules and surveillance);
- symbolic role: the euro as a tangible element of European identity.

The arguments frequently raised against the single currency remain:

- loss of national autonomy in monetary policy (interest rate, inflation-unemployment arbitrage);
- difficulties in short-term adjustment, in the absence of the exchange rate as an instrument;

- potential asymmetric regional effects, if productivity and labor market flexibility differ significantly between regions;
- tensions between national fiscal policy and common discipline, especially in contexts of high public debt.

For the economies of Central and Eastern Europe, the euro initially functioned as an external benchmark (reference currency), influencing:

- currency anchoring strategies and the composition of currency baskets;
- nominal convergence requirements (inflation, interest rates, deficit, public debt, exchange rate stability);
- in the long term, expectations of gain through reduced transaction costs, commercial integration and more efficient access to capital.

The introduction of the euro was a decisive moment in the deepening of European economic integration, as it transformed the internal market into a coherent monetary area, significantly reducing transaction costs and eliminating exchange rate risk in relations between participating states. The effects were quickly manifested at the macroeconomic level by stimulating the integration of financial markets, increasing price transparency, strengthening competition and facilitating the mobility of capital, goods and services. At the microeconomic level, the euro imposed important technical and organizational adaptations for the banking sector and for companies, contributing to the standardization of accounting and payment processes and the efficiency of cross-border operations.

At the same time, the single currency has generated structural constraints, as Member States have ceded monetary policy autonomy to a supranational authority, and adjustments to economic shocks have become more dependent on the flexibility of internal markets and the coordination of fiscal policies. The euro can therefore be understood as an instrument with ambivalent effects: on the one hand, a catalyst for stability and competitiveness at EU level; on the other, an architecture that amplifies the need for real convergence, budgetary discipline and financial solidarity mechanisms. Overall, the euro remains not only an economic project, but also an institutional and geopolitical one, strengthening the role of the European Union in the world economy and providing a strong symbol of European identity.

Review problems

- What are the economic and political premises that led to the formation of the Economic and Monetary Union in Europe?
- Through what stages was the transition from the European Monetary System to the Economic and Monetary Union achieved?
- What are the main objectives of monetary policy promoted within the European Union?
- What role does the European Central Bank play in implementing the common monetary policy?
- What are the convergence criteria established by the Maastricht Treaty and why are they necessary?
- What economic and financial advantages has the introduction of the euro generated for Member States and economic agents?
- What are the main risks and limitations of using the single currency within the European Union?
- How does the euro influence the functioning of financial markets and European economic integration?
- What is the role of the Stability and Growth Pact in maintaining budgetary discipline in the euro area?
- How does the Banking Union contribute to strengthening the stability of the European financial system?

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UNIT XVI. THE EUROPEAN UNION'S COMMON AGRICULTURAL POLICY AT THE CURRENT STAGE: GREEN TRANSITION, RESILIENCE AND STRATEGIC PLANNING

16.1. Genesis and justification of the Common Agricultural Policy: food security, market stabilization and rural cohesion
16.2. Contemporary architecture of CAP support: direct payments, sectoral measures and rural development
16.3. CAP reform and the new implementation model: from compliance to performance and reinforced conditionality
16.4. CAP Strategic Plans: structure, principles and multilevel governance
16.5. CAP objectives and priorities: competitiveness, environment, climate and generational renewal
16.6. Financing and implementation mechanisms: EAGF/EAFRD, eco-schemes and result-oriented interventions
16.7. The impact of the CAP: transformations in agriculture, sustainability, biodiversity and rural development

The purpose of the topic:developing the capacity to critically evaluate the efficiency of the CAP in relation to economic, social and environmental objectives, as well as to interpret contemporary directions for reform and adaptation to the current challenges of the European agricultural sector.

Theme objectives: After studying this topic you will be able to:

- to identifythe principles, objectives and institutional structure that underpin the Common Agricultural Policy (CAP).
- to analyzeCAP financing mechanisms, including direct payments, market interventions and rural development programs.
- to evaluatethe impact of the CAP on the competitiveness of the agricultural sector, agri-food markets and economic convergence between Member States.
- to examinethe role of the CAP in promoting sustainability, managing natural resources and strengthening the resilience of agricultural systems in the face of current challenges.

- to developthe ability to critically analyze the efficiency, limits and prospects for modernization of the CAP in the European context.

16.1. Genesis and justification of the Common Agricultural Policy: food security, market stabilization and rural cohesion.

The fundamental problem of any society, both on a global scale and at an integrationist or national level, has been and remains food security. In order to provide the population with the necessary food, the six founding states of the European Union agreed to create a common market for agricultural products, on the condition of promoting a common agricultural policy to guarantee the supply of necessary food at reasonable prices for buyers.

The implementation of a common agricultural policy was foreseen from the very beginning of the European construction. At the time of the signing of the Treaty of Rome, farmers represented 25% of the working population. The main characteristic of agricultural Europe was the diversity of farming systems and structures, management methods and policies. From another perspective, Western Europe had not yet managed to overcome, despite the American support provided through the Marshall Plan and the efforts to coordinate development policies within the OECD, the economic backwardness and imbalances caused by the war.

European agriculture, even the most modern (Great Britain, Holland, Denmark), was little mechanized, used small amounts of fertilizer, and the role of phytosanitary products was ignored. Small, unspecialized family farms could only provide subsistence income in a self-consumption agriculture, far from providing the necessary food products and facing external competition, especially from the USA.

The Common Agricultural Policy (CAP) was intended to be, in such a context, the solution for achieving three categories of objectives: economic – promoting technical progress, optimal allocation of resources, increasing production; social – fair standard of living for farmers, reasonable prices for consumers, and political – guaranteeing food security. Achieving the results targeted by the Treaty of Rome was conditioned by taking into account the diversity of the member countries' agriculture, the traditional model of small and medium-sized European exploitation, the contrasts and delays compared to competing agriculture, the political strength of farmers and the risks of disintegration resulting from the

liberalization of markets. Uniting in diversity, ensuring the solidarity and economic – social cohesion necessary to obtain and maintain political support in the "great test", to become a force in world agriculture, meant a permanent challenge for European leaders.

As we know, by forming the EEC, the member states proposed to coordinate their efforts to promote economic development and the accelerated rise in living standards; the establishment of a common market and the progressive approximation of their economic policies were considered the main directions of action. What could be the place of agriculture in this common effort?

The initial discussions were about whether or not to include agriculture in the process of integrating national markets. It is known that an integration process can only be clearly advantageous if the economies have competitive structures and comparable levels of development. However, European agriculture was characterized by a strong heterogeneity. At the same time, Western Europeans were of the opinion that a common market could not be formed without agriculture.

The main factors that determined the inclusion of agriculture in the integration process through the application of a common policy,were: the diversity of national agricultural policies, structural disparities and low yields in European agriculture, the political importance of agriculture and the international context. In this context, it can be mentioned that the CAP is considered a continuation at the community level of the foreign policies in the European countries in the 1950s. The debut of genuine agricultural policies in Europe is due to the agricultural crisis of the last century. The reaction of European countries was different; some preferred free trade (Great Britain, the Netherlands, Belgium, Denmark), while others opted for protectionism (France, Germany).

But in all countries, including the most liberal (Great Britain), agriculture involved public interventions. It was considered in Western Europe a sector of strategic importance, intimately linked to the economy as a whole, with an essential role in ensuring food security, in launching, financing and stabilizing economic growth, in preserving the rural and ecological environment. There are other arguments in favor of public support for agriculture. Therefore, state intervention in supporting farmers and regulating the functioning mechanisms of the agricultural market was

clearly stated in all countries that would participate in the formation of the EEC. However, maintaining national economic policies, which were not very homogeneous, would have generated distortions of competition in a free market and would have led to extensive structural and regional imbalances. Moreover, through the knock-on effects, the imbalances and instability of the agricultural market would have affected the functioning of the common industrial market and the economies of the member countries as a whole, given that agricultural products contributed significantly to the formation of prices and wages at the end of the sixties, and agriculture had a high share in the GNP.

From the analysis of agriculture and agricultural policies of the countries that signed the Treaty of Rome, another conclusion emerges in the argument for the adoption of the CAP: the heterogeneity of the member countries' agriculture and the predominance of small-scale family farms (78.5% of farms had an area of less than 10ha), which did not allow for high productivity and could not cope with free competition through the opening of markets.

The formation of a common agricultural market entails at least the following favorable effects through free movement: reducing costs, increasing farm productivity, ensuring self-sufficiency in food products and increasing the role of agriculture in international trade. Since 1962 (the year of the launch of the CAP) agriculture has been the sector to which the greatest attention has been paid within the common market. In this area, the limited objectives of a „free trade area" or a „customs union" have been surpassed, creating a genuine European economic community.

According to some specialists, the CAP was nothing more than a compensation offered to France. Indeed, in 1958, France was afraid of the Common Market. French industry had many reasons for concern in a direct confrontation with its Western European competitors. Building a single market for a national industry with outdated structures was a considerable risk. France, however, was a true "agricultural power". That is why it began to assiduously demand the unification of agricultural markets, as a logical counterpart to the "customs union". When certain Western governments opposed the common agricultural policy, Charles de Gaulle firmly drew attention to the fact that a united Europe could not be conceived without an integrated agriculture.

France's determination to achieve a common agricultural market as quickly as possible would not have been successful if there had not been constant support from the Netherlands and the Executive Commission. Such support is very easy to explain: Dutch agriculture had already reached the industrial stage. It was therefore competitive. Consequently, producers in the „land of tulips" had every interest in favoring the liberalization of trade, in encouraging the formation of a large single agricultural market.

Even more important was the support of the Executive Commission. Its action was decisive. This leading role was played from the very beginning, that is, from 1958-1961, when the fundamental principles of the common agricultural market were being developed. Among the determining factors for the inclusion of agriculture in the common market were also external factors, such as the reduction of the EEC's economic dependence on the USA as its main commercial rival and the obligation for the EEC to comply with the principles of the General Agreement on Tariffs and Trade (GATT).

In conclusion, European integration could not be achieved without agriculture. Art. 38 of the Treaty of Rome stipulated: "The common market shall also include agriculture and trade in agricultural products. Agricultural products shall mean the products of the soil, animal husbandry and fishing, as well as the products of first-stage processing directly related to these." Through the CAP, the member states wanted to achieve the following objectives:

- increasing productivity in agriculture, promoting technical progress, ensuring the rational development of agricultural production and the optimal use of production factors, especially labor;
- ensuring a fair standard of living for the agricultural population, especially by raising the individual income of those working in agriculture;
- stabilizing markets;
- guaranteeing security of supply;
- ensuring reasonable prices for consumers.

The CAP of the European Union was formulated in Article 38 of the Treaty of Rome. The CAP was based on the following three determining principles:

1. creating a single (common) market for agricultural products, which would circulate freely at common prices in the member countries;

2. the introduction of the concept of community preference and its mandatory observance by all member countries and their citizens; the content of this concept is that in the trade of agricultural products, community products are preferred, with buyers of products from outside the European Union being obliged to bear a surcharge;

3. financial solidarity of the Member States of the European Union, in the sense that they participate together in the establishment of resources and in the overall expenditure of the CAP. The European Agricultural Guidance and Guarantee Fund was established as an instrument for this purpose.

After over four decades of operation of the CAP, the competent bodies of the European Union assess that this policy has lived up to the main attributions that were conferred.

As a result of the CAP, the European Union has become more than self-sufficient in most agricultural products. The European consumer who stops today in front of the shelves of Community shops has the opportunity to choose from a wide variety of agricultural products originating from the four corners of the Union.

16.2. Contemporary architecture of CAP support: direct payments, sectoral measures and rural development.

The objectives of the Treaty of Rome on agriculture could not be achieved solely through the functioning of market mechanisms. Free competition in an economic area made up of economies with different levels of development, structural and income disparities, risked transforming itself from a factor of economic progress into a factor of European disintegration. The chosen integration mechanism was the common market organisation (CMO). The CMO system gradually covered 91% of agricultural production, with intervention mechanisms differing from one market to another. However, beyond the resulting heterogeneity, the analysis of the CMO reveals three defining elements:

- market uniqueness through the determination of common prices;
- guaranteeing prices through interventions on the internal market;
- a border protection system for the European market to ensure community preference.

Depending on the model in which the three elements are found and interact on different markets, CMOs have the following forms, delimited by the main intervention instrument:

- joint organizations through guaranteed price;
- joint organizations through direct subsidies;
- common organizations through external protection.

The main form of market organization at the community level, covering approximately 70% of agricultural products, is represented by the CMO through guaranteed price.

Also, for approximately 30% of agricultural production, a minimum guarantee is ensured, either only through external protection (25%) or through direct subsidies (5%). The classic intervention scheme on European agricultural markets is represented by the CMO through a guaranteed price, comprising the regulation of internal markets through common prices and a system of external protection. All expenses incurred by this system are borne by the European Agricultural Guidance and Guarantee Fund (EAGGF) - Guarantee Section (finances expenses related to supporting the prices of agricultural products and which were the subject of the regulations in force; It is achieved through interventions to regulate agricultural markets, export restrictions, agricultural aid, etc. These sections are still to compensate farmers for losses resulting from the CAP application mechanism. This section accounted for the overwhelming majority of the budget allocated to agriculture. 90%). Guidance Section (has the role of supporting the financing of structural reforms, the achievement of structural policy objectives, supporting development, etc.) This regime based on the fixing of guaranteed prices aims to ensure stimulating incomes for agricultural producers.

In principle, the price paid to them is determined by the laws of the market, that is, according to the relationship between demand and supply. In fact, this liberalism was mitigated, as mentioned above, by the existence of a support system that guaranteed a minimum price in the event of a fall in the market price. Externally, a uniform protection system was defined on the periphery of the Communities and that ensured economic agents a „preference" over competitors in third countries. This „community preference" represented the establishment of a surcharge on imports, which aimed to bring the external price to the level of the internal one.

A reinforced protection mechanism, compensatory duties, are added to the levies in order to fight against dumping import prices. Consequently, product prices on the agricultural market can fluctuate freely between a minimum, threshold price, which serves as the basis for guaranteed prices and a maximum, ceiling price, which is the indicative price, based on which imports are automatically triggered. Between the two officially fixed limits, the market moves according to supply and demand, like a „snake in a tunnel", oscillating daily between the threshold and ceiling prices. Therefore, the CAP's operating mechanism is based on a complicated system of prices, which serve as a regulator of the free market.

A. Prices – guide: It is set annually by the EU Council of Ministers at the conclusion of the agricultural company, being sufficiently remunerative for farmers, without harming the interests of consumers.

a) Price – indicative. It is the most representative of the guide prices due to the importance of the products to which it refers. This price is set for cereals, rice, sugar, powdered milk, butter, olive oil, sunflower oil. The geographical reference point for setting the indicative price is the most deficient area for cereals; the most surplus area for sugar; and the Community as a whole for powdered milk, oils.

b) Guide price. It is set for beef and wine. The intervention procedure is triggered when the market price falls below the guide price. In the case of beef, the guide price is related to the threshold price, which is influenced by imports. Thus, if the international price is lower than the guide price, foreign products are subject to duties from the Common Customs Tariff: if the duty is not sufficient, the difference is covered by a levy. In the case of wine, the guide price is derived from the reference price, which also quantifies the volume of imports.

c) The objective price. In the case of raw tobacco, the target price is set for each plantation at a level considered remunerative for tobacco growers. Manufacturers who purchase Community production at prices higher than those in international trade are granted a premium to cover the difference.

d) Base price. It is used as a reference price for pigmeat and for products of the fruit and horticultural subsector. For fruit and horticultural products, the basic price is calculated as the arithmetic average of the lowest quotations at which purchases of such products have been made on the Community market in the last three years.

B. Guaranteed prices. Starting from the guide prices presented above, the EU Council of Ministers sets the guaranteed prices at which state-supported purchasing bodies are obliged to purchase the products offered by producers. Among the guaranteed prices, the most representative is the intervention price.

a) Intervention price. It is derived from the indicative price and applies to cereals, sugar, milk powder, oils, butter. For some products, derived intervention prices are also set, which record regional differences depending on transport costs. Intervention prices are accompanied by monthly improvements, in order to encourage sales of products throughout the duration of the agricultural company.

b) Purchase price. It represents the price at which intervention agencies purchase live animals (cattle), beef and pork, as well as fruit and horticultural products. The purchase price is set by the Council of Ministers and is derived from the basic and guide prices.

c) Minimum price. It is used for the purchase of sugar beet. It is set taking as a reference the most surplus area within the EU. This price forms the basis of contracts between producers and manufacturers, regulating the quantities that manufacturers are obliged to take over, as well as the purchase price, which in no case can be lower than the minimum price.

d) Withdrawal price. For fruit and horticultural products it is equivalent to 40-70% of the basic price. It is not a guaranteed price, but it produces similar effects. When the market price is lower than the withdrawal price, producer organisations do not sell their products to traders until the market reacts positively, in the sense of restoring prices. Traders will receive a subsidy from the EAGGF which, in turn, reimburses the producer organisations, corresponding to the quantities that had to be taken over, an equivalent amount, at a price 5% lower than the withdrawal price.

C. Entry prices. These prices are set by the EU Council of Ministers. The fundamental objective of these prices is to prevent imported products from entering the Community market at a level that eliminates competition with domestic production. In general, entry prices are set at a level close to the guide prices, the differential margin representing transport costs.

a) Price – threshold.It is set for all products on the basis of indicative or intervention prices. It can be defined as the lowest price of a trader from a third country who exports to the Community market.

b) Reference price.It is calculated by the Executive Commission for the entire agricultural year. This price applies to wines, fruit and horticultural products. In the case of wine, the price represents the arithmetic average of the production costs in the Member States of the Common Market. For fruit and horticultural products the calculation is similar, taking into account that the production costs correspond to the markets with the largest surpluses within the EU in the last three years.

The application of CAP support mechanisms was accompanied by strong financial support from the community budget (over 65% of the EEC budget in 1970 and about 48% in the last decade of the 20th century), which in turn led to an explosive growth in agricultural production and stocks.

The price support system meant that as early as 1973 the Community was able to ensure 100% of its needs for cereals, beef, dairy products, poultry and vegetables.

The huge expenditures for agriculture made from the community budget (over $60 billion in 1996), the increase in agricultural production stocks forced the community authorities to adopt measures to reform the CAP, so that it would respond to new realities.

16.3. CAP reform and the new implementation model: from compliance to performance and reinforced conditionality.

In the last decade of the 20th century, reform of the common agricultural policy became inevitable. By guaranteeing a high level of producer prices, the CAP encouraged the accumulation of significant surpluses in the main agricultural products, such as cereals, beef and milk. On the other hand, technical progress in agriculture allowed producers to substantially increase their yields, and changes in consumer tastes and preferences led to a decrease in demand. In this situation, the Community was forced to devote more and more money to exporting surpluses to the world market at subsidized prices. The result was therefore an increase in the budgetary expenditure of the CAP, without a corresponding increase in farmers' incomes.

The importance of the EU's common agricultural policy has also diminished over time for other reasons. Thus, part of its responsibilities in the field of rural development have been taken over by social and regional

policies, and the creation of a single market for industrial goods and services has taken over, in turn, a whole range of community activities that were previously the subject of the CAP. Taking into account the above aspects, in 1992 the European Union launched the most profound reform of the CAP, undertaken until then. Without affecting its basic principles, the changes brought about by this reform aimed at reducing surpluses of agricultural products, lowering consumer prices and supporting farmers who are most in need of help. With the 1992 CAP reform, the agricultural support system has changed. It is no longer based on supporting high agricultural prices, but on supporting agricultural incomes through direct compensatory payments.

The essential objectives of the common agricultural policy, as amended by the 1992 reform, are:

- maintaining the EU among producers and exporters of agricultural products by increasing the competitiveness of its farmers both on the internal and external markets;
- reducing production to the size of effective market demand;
- concentrating aid to support the incomes of farmers who need support the most;
- encouraging farmers not to abandon their land;
- protecting the environment and developing the natural potential of villages.

Following the 1992 reform, the cost of the common agricultural policy has become much more bearable for the governments of the Community countries, something that would not have been possible if the previous situation had continued. In that situation, the cost would have amounted to 42 billion EURO in 1997, while following the reform it has been reduced to 39 billion EURO. The largest part of this budget now serves to pay direct aid to farmers, while a smaller part will continue to cover surpluses and subsidize exports. Thanks to the reduction in guaranteed prices, Community farmers have become more competitive both on the internal market and on external markets.

The nature of the reform is intended to change the way the Community agricultural support system operates. The reform provides, for the first time, for different levels of compensation in different regions of the Union, based on production statistics and yields. Moreover, the amount

of compensation no longer depends, as before, only on the price, but also on the quantity produced. For cereals, compensation now depends on the size of the cultivated land and its location. The aid granted to cattle breeders depends on both the size of the herd and the method of rearing practiced.

In the previous system, based on price support without imposing limits on the quantities of agricultural products, during periods when prices were frozen, farmers had no other possibility to increase their incomes than by increasing yields, thus producing more. Currently, they receive full income compensation, without being forced to produce more.

The current system of direct income support for farmers no longer makes them dependent on some form of public assistance. In the reformed system, since 1992 the bulk of EU farmers' income comes from the market and not from a sophisticated mechanism unrelated to market principles. The current income support is a supplement.

As the last few years have shown, the reform allows for a stabilization of production at a level closer to the community consumption with which the necessary connection had been lost before 1992. The only reason for increasing production, now and in the future, is the identification of new export markets. These markets are and will be supplied with community agricultural products through exports under competitive conditions and not subsidized or with reduced subsidies. Due to the reduction in prices, agricultural products tend to reach the final buyer cheaper. According to the estimated calculations of EU experts, the savings to be obtained by the population on this basis amount to 12 billion EURO annually. Another area in which consumers stand to gain from the 1992 CAP reform is the quality of agricultural products. A certain concern in this regard began to manifest itself as early as 1985, when the European Commission drew attention to it, but after 1992 this concern intensified.

Based on the idea that quality products should benefit from a discount compared to mass-produced products, a number of rules have been introduced. Among them is the use of special vouchers and quality assurance certificates. A regulation has also been adopted on the methods of organic production of agricultural products and foodstuffs.

The campaign for higher quality products should not overshadow efforts to set strict hygiene standards for EU foodstuffs and to provide

consumers with adequate information on the dietary value of food. According to a statement made in 2000 by the EU Health and Consumer Affairs Council, 66 percent of Europeans believe that genetically modified organisms (GMOs) are dangerous to health, and 81 percent would like more information on the risks of consuming GMOs.

In this regard, the European Commission is considering approving the marketing of GMOs in Europe, provided that producers comply with a set of rules to be adopted by the European Parliament and subsequently ratified by the parliaments of the EU states, within a year and a half.

The regulations aim to register and strictly label agricultural products containing GMOs, ban the use of antibiotic-resistant genes and create a public register to provide consumers with information on the nature and origin of these GMOs. These and other amendments to Decision No. 97/35 EC, adopted in 1997, on the labelling of GMOs, should restore consumer and market confidence in foods containing genetically modified organisms.

In France, after the areas cultivated with transgenic wheat and corn, discovered in the spring of 2000, soybean plantations contaminated with transgenic seeds were identified in the autumn of the same year. The crops in question were destroyed. Acting in the same direction as these quality and hygiene measures, the 1992 CAP reform encourages less intensive but healthier agricultural models. In the spring of 1999, the European Council held in Berlin adopted a new set of reforms, called "Agenda 2000", with the declared objective of modernizing EU policies, including agriculture. Positively appreciating the content and results of the 1992 reform of the common agricultural policy, "Agenda 2000" states: "The new CAP represents a step forward towards supporting the rural economy in the broad sense and not only of agricultural production; it guarantees farmers remuneration according to what they produce and for their general contribution to society". As can be seen from this assessment and will be seen further on, the main orientation of the modernization of the EU agricultural policy lies in its integration into the countryside and the natural environment. Agenda 2000 provides for the implementation of new actions in support of rural development in the period 2000-2006 and the growth of a European agricultural model. This model must be "simple" and "greener": "with satisfied consumers, with a cleaner landscape, with competitive farmers, with stable costs.

The new rural development policy must provide a coherent and sustainable framework to secure the future of the Union's rural areas. It complements market reform with actions to promote competitive and multifunctional agriculture in the context of a comprehensive rural development strategy.

Each EU Member State must draw up its own rural development programme, in line with the objectives set at Community level, and for this purpose it benefits from the Union's financial support. The programmes provide for a large number of different measures, such as: granting aid to young farmers, carrying out actions regarding vocational training, promoting modern, environmentally efficient agricultural methods, etc. In the vision of Agenda 2000, the new rural development policy is based on two essential principles: decentralisation of responsibilities (from EU level to national level) and flexibility in programming, based on a wide range of measures applicable according to the specific needs of the different Member States.

This coherent set of measures pursues three main objectives:

- Strengthening the agricultural and forestry sectors, the latter being recognized for the first time as an integral part of rural policy and development;
- Improving the competitiveness of rural areas;
- Protecting the environment and rural heritage of Europe.

Environmental protection measures are the only mandatory element of the new generation of rural development programmes. They therefore represent a decisive step forward in recognising the role of agriculture in protecting and enhancing Europe's natural heritage. A key element of the EU's rural development strategy is the involvement of local people in finding local solutions to local problems. Leader – one of the four Community initiatives under the Restructuring Fund – builds on the success of previous programmes in creating new jobs and exchanging ideas and experience in rural development.

The CAP attaches increasing importance to taking into account environmental objectives and the increased complexity of agriculture in the management of natural resources and the protection of landscapes. Among the measures designed to promote greater environmental integration in the CAP is the extension of compensatory allowances granted to farmers in less-favoured areas. As regards forestry, it has been recognised

as an integral part of rural development due to its ecological, economic and social functions. The ongoing agricultural reform, integrating the above elements and linking it to more general issues, will contribute to the creation of a truly multifunctional, viable and competitive agricultural sector, guaranteeing the future of the most fragile rural regions. This reform greatly simplifies the regulations in force. In the wine sector, for example, there is now only one regulation, instead of the previous 23. As regards rural development as a whole, the nine regulations that existed until now have been replaced by a single comprehensive regulation.

16.4. CAP Strategic Plans: structure, principles and multi-level governance.

The Common Agricultural Policy (CAP) is one of the first common policies adopted by the European Union and is the most integrated European policy at EU level. The CAP is based on the principles of the single market, community preference (favouring the consumption of products originating in the European Union) and financial solidarity (common measures are financed from a common budget).

Since its emergence as a common European policy, the CAP has undergone a series of successive reforms, mainly influenced by the needs of European agriculture, the EU enlargement processes, the possibility of selling products on the world market, etc. The CAP reforms mainly aimed at simplifying the way subsidies are granted, streamlining and reducing budgetary costs, evolving from an agricultural policy that initially provided support for the development of production (coupled payments), to a policy oriented towards market requirements, focused on qualitative, ecological and food safety parameters (decoupled payments), with an emphasis on the efficient and sustainable use of resources.

The 2013 CAP reform brought about a radical change in this policy, transforming it from a 1950s policy into a 21st century policy, with mandatory environmental components (greening in particular). In addition, it aimed to strengthen the competitiveness of the sector, promote sustainable and innovative agriculture, and create employment and economic growth in rural areas.

This reform also aimed to adapt agricultural policy to new challenges such as global food security, climate change, sustainable management of

natural resources and support for rural areas, while maintaining the vitality of the rural economy. The CAP has long held one of the first places within the Community policies, in terms of financial resources allocated to this policy, but these have been in continuous decline, reaching 40% of the European budget in 2013 compared to 75% in 1984.

In the context of the new CAP, of particular interest for Romania are: greening, which facilitates the establishment of forest protection curtains (with a special role in combating the effects of climate change - drought); the new direct payment schemes for small farms (85% of direct payment beneficiaries in Romania own less than 5 hectares of land); young farmers (In Romania, most farmers are over 55 years old); the new rural development policy aimed at contributing to reducing the gaps between rural areas in the EU. All these new aspects have, however, led to a significant increase in bureaucracy for the administration and farmers, which is why a reflection process was launched to simplify the application rules so that beneficiaries can benefit as easily as possible from the instruments made available by the new CAP.

Romania has allocated significant amounts for the implementation of the new CAP for the period 2014-2020, which have made an essential contribution to increasing the competitiveness of Romanian farmers, to better use of natural resources, to a greener agriculture and to the growth of the rural economy, respectively to improving the standard of living in rural areas. The EU's Common Agricultural Policy (CAP) is a dynamic policy that, through successive reforms, has been adapted to the new challenges facing European agriculture. These challenges include the more sustainable use of natural resources, climate change, increased competition on global markets, as well as the need to maintain prosperous rural areas across the EU. The CAP must continue to ensure viable food production and a stable food supply, while taking into account food safety, the rural economy, animal welfare, as well as social and environmental issues.

The CAP covers the period from 2014 to 2020. This is the first time that the CAP reform has been adopted under the ordinary legislative procedure, in which the European Parliament legislates together with the Council. The final adoption of the legal texts by the Council took place on 16 December 2013. The reform entered into force in January 2014. Many of the new rules only apply from 2015, ensuring that Member States have

sufficient time to implement the new policy and to inform and prepare farmers.

The reform is fully in line with the fundamental principles of the Common Agricultural Policy. These will continue to focus on providing sufficient quantities of safe, high-quality food at affordable prices for consumers in the EU and worldwide. At the same time, the reform fully respects EU rules on animal welfare and the environment and ensures a fair standard of living for European farmers.

The new CAP includes:

- "greening" farm payments by introducing organic farming practices, such as crop diversification, and by maintaining ecologically rich landscape features and a minimum area of permanent grassland
- a fairer distribution of support, to reduce the largest differences in the levels of income support received by farmers across the EU, and a reduction in payments above a certain amount for the largest farms
- better targeting of income support to farmers who need it most, in particular young farmers, farmers working in low-income sectors and farmers in areas with natural constraints
- The pillar structure of the CAP is maintained. Pillar 1 includes income support and market management measures, while Pillar 2 covers rural development.

The CAP budget for the period 2014-2020 represents around 38% of the overall EU budget. The total amount of CAP expenditure over the 7-year period is €408.31 billion.

The annual budget is set to decrease between 2014 and 2020. In terms of commitments, the CAP budget in 2020 shows a reduction of around 15% compared to 2013. Ensuring continuity often means promoting change. This is particularly true for the Common Agricultural Policy (CAP). Since its foundation in 1962, the CAP has undergone a continuous process of adaptation and reform to maintain a sector that is vital not only for the farming community but also for society as a whole.

The role of the CAP has certainly changed: immediately after the Second World War, the aim of the CAP was to ensure self-sufficiency in agri-food products and to stabilise the turbulence of the agricultural market. By the early 1980s these objectives had been achieved, definitively removing the specter of food shortages on the European continent and ensuring

a decent standard of living for the farmer and his family. In fact, some of the initial objectives of the CAP had even been exceeded. As agricultural productivity experienced an unprecedented increase, the CAP led to a system that stimulated intensive production on a large scale, sometimes with serious consequences for the environment, animal welfare and food quality. The result: lakes of milk and mountains of meat that consumers could not consume, but for which the taxpayer had to pay.

Changing social and economic priorities require a new concept for European agriculture. The 1992 reform was a major step forward in this direction: it brought production up to the level of consumption while encouraging less intensive and environmentally friendly production practices. However, there is still much to do, and if we fail to act today we will end up paying a very high price tomorrow. We will simply not be able to respond to the opportunities that lie ahead, such as changing consumer preferences, the eastward enlargement of the Union, and the low competitiveness of European agriculture will persist. The consequences will be equally damaging for farmers, consumers and taxpayers: we will have new surpluses, reduced farmers' incomes, a ballooning budget and reduced public support.

The reforms proposed by the European Commission's Agenda 2000 show how a viable model for European agriculture can be put into practice. Reducing administered prices and increasing direct payments will benefit European farmers by stimulating consumption on stagnant European markets, creating opportunities for competition on promising international markets without resorting to export subsidies. Rural development policy, which constitutes the second new pillar of the CAP, will contribute to directly remunerating farmers for the services they provide to society, such as protecting the environment and preserving the rural heritage, which is also an important source of new jobs and regional culture.

The founding states of the European Economic Community agreed that agriculture should be included in the common market. This required a common agricultural policy that would harmonise the various national support mechanisms and establish common customs barriers for goods coming from non-member countries. The Common Agricultural Policy (CAP) was one of the first policies decided at Community level. The principles of operation and the practical implementation of the CAP were

established at a conference that brought together the ministers of agriculture from the six member countries in 1958 in Stressa (Italy).

Three fundamental principles underpin the common agricultural policy:

a) creating and maintaining a single market and common prices (a single market in which agricultural products circulate freely);

b) respect for the notion of community preference (in agricultural trade, preference is shown for goods produced within the Community, buyers of non-Community products must pay a surcharge);

c) financial solidarity (member states participate together in the establishment of resources and benefit from the financing of CAP-related expenditure);

The three principles are interdependent and cannot be applied separately.

Over time, the application of the three principles has brought great services to the Community, such that: security of supply has been ensured for the main categories of food commodities; the ten million farmers, as many as the European Union has today, are among the most productive in the world; they produce essential food goods for the entire Union, and through commercial exports and through food aid they also contribute to feeding a significant number of people in other parts of the world. Thanks to the CAP, the European Union has become an agricultural power and the threat of food shortages has disappeared for the Community consumer.

Not only did it confirm and develop Europe's agricultural vocation, but in Western Europe the CAP made a crucial contribution to maintaining a certain balance between town and country and between the interests of farmers and consumers. Furthermore, the CAP managed to maintain a dynamic agricultural population in rural areas by slowing down the exodus of the rural population to large urban agglomerations, a phenomenon that would have been much more difficult to control in the absence of such a policy.

Defined by the Treaty of Rome and made explicit by the Conference of Stresa, the objectives of the CAP were gradually implemented between 1958 and 1968, the period of the creation of the single market for agricultural products. The first products were subject to common market regulations in 1962. However, common prices were applied from 1968 onwards.

In order to finance the CAP as a whole, in January 1962 the Council decided to create the European Agricultural Guidance and Guarantee Fund (EAGGF). The Fund has two distinct sections, namely: the "guidance" section, intended for the adjustment of agricultural structures and the modernization of agriculture; the "guarantee" section, which represents over 90% of the EAGGF and is intended for the practical implementation of the three fundamental principles. The EAGGF represents the largest component of the Community budget, still representing about 50% of the total Community budget. In order to establish the single market for agricultural products, their prices were unified. However, in order to avoid farmers in countries with high prices being forced to accept price reductions, single prices were set for each product at the highest existing level. Due to this fact, single Community prices for most agricultural products have been constantly above world market prices, and the difference between them has not stopped growing.

Compliance with the principle of Community preference requires that Community products remain cheaper than similar imported products, so that consumers prefer cheaper Community products. To this end, imports were subject to an entry tax known as the import levy, determined as the difference between the border price and the entry reference price (threshold price, entry price, sluice price, etc.) established annually by the European institutions. The levy causes extra-Community products to become more expensive than domestic prices. In parallel, a system of export subsidies (export refunds) was introduced to allow more expensive Community products to be competitive on the world market.

The principle of financial solidarity is achieved by using the Community budget as the main financial instrument for implementing CAP measures. Member States no longer directly support their own farmers from their national budgets. They contribute to the Community budget, from which all expenditure related to the implementation of CAP measures is then financed.

The single agricultural market is undoubtedly a success. Intra-Community agricultural trade alone increased from ECU 15 billion to ECU 120 billion between 1973 and 1995. Community consumers have the most to gain. They can now choose from a range of products that was hard to imagine a few years ago. Despite rising prices, the percentage of the family

budget allocated to food in the European Union has fallen from 28% to 19.5% in the last thirty years.

The efficiency and productivity of agriculture have improved steadily. As the Community has reached and then surpassed the level of self-sufficiency, the number of farms and farmers has declined. The six founding countries of the Community now have 50% fewer farmers than they did thirty years ago.

The contribution of agriculture to the gross domestic product, even if small, is nevertheless not negligible, reaching an average of 1.7% in the 15 Member States. Below this average are the United Kingdom, Germany, Belgium, Austria, Finland, Sweden and Luxembourg, and above it are the other Member States, especially Ireland and Greece.

Despite the Community preference, the CAP has not prevented the growth of agricultural imports from outside the Community. In fact, today the EU imports more agricultural products than it exports, which makes its trade balance with the rest of the world in deficit, this deficit currently exceeding 20 billion ECU.

EU agricultural imports consist of tropical products, fruit juices and oilseeds for animal feed. The EU mainly exports cereals, beef, butter and wine and is a significant global supplier of these products.

Like the European Union, the other countries in the group of the most industrialized countries - be it the USA, Japan or the non-member Western European countries - practice a high level of subsidization of their agriculture. The establishment of this high level of support for agriculture was inevitable when the governments of the respective countries decided to ensure the food security of their peoples and the balanced development of urban and rural areas.

These two strategic options came at a high cost. Agricultural incomes also had to be able to compare with wages in other sectors of the economy.

In 2025, the Common Agricultural Policy (CAP) is in the phase of full implementation of the 2023–2027 reform, operating on the basis of National Strategic Plans, within a performance-oriented framework, reinforced conditionality and integration of the objectives of the European Green Deal. The CAP is no longer just a policy to support agricultural incomes, but a strategic instrument that combines economic competitiveness, green transition, resilience of agri-food chains and rural cohesion.

CAP 2025 operates in an environment characterized by:

- volatility of global agricultural markets;
- pressures related to climate change;
- increasing production costs (energy, inputs);
- increased sustainability requirements;
- the need to reduce external dependencies (fertilizers, feed, cereals).

Thus, the central objective of the CAP in 2025 is the balance between food security, competitiveness and environmental protection.

The CAP is based on two major funds:

- EAGF (European Agricultural Guarantee Fund) – finances direct payments and market interventions;
- EAFRD (European Agricultural Fund for Rural Development) – supports rural development and structural investments.

The current reform introduces a new performance-based implementation model, in which Member States have increased flexibility through Strategic Plans, but must achieve clear result indicators.

At the current stage, the CAP aims to:

a) Fair income for farmers – through direct payments and redistribution in favor of small and medium-sized farms.

b) Green transition and climate – through eco-schemes and strengthened conditionality.

c) Protection of biodiversity and natural resources – crop rotation, soil protection, reduction of pesticides.

d) Generational renewal – support for young farmers.

e) Digitalization and innovation in agriculture – precision agriculture, smart technologies.

f) Shock resistance and risk management – stabilization mechanisms and market intervention.

A defining element of the CAP 2025 is the introduction of eco-schemes, financed from direct payments. Farmers who adopt environmentally beneficial farming practices receive additional support. These include:

- organic farming,
- soil protection and crop rotation,
- reducing the use of pesticides,
- maintaining unproductive areas for biodiversity.

Eco-schemes are the mechanism through which the CAP directly contributes to the EU's climate objectives. The CAP 2025 does not abandon the objective of competitiveness. In a global context, European agriculture must remain:

- productive,
- innovative,
- able to compete in international markets.

Investments in modernization, short supply chains and local processing contribute to strengthening strategic food autonomy.

The main challenges of the CAP include:

- the balance between environmental requirements and farm profitability;
- budgetary pressures;
- farmers' dissatisfaction with strict regulations;
- integrating climate objectives without losing competitiveness.

In some Member States, debates on simplifying rules and making cross-compliance more flexible are intense.

In 2025, the Common Agricultural Policy is a complex policy, at the intersection of food security, environmental sustainability and economic competitiveness. The current reform reflects the transformation of European agriculture into a greener, more resilient and more performance-oriented sector. The CAP remains one of the most integrated and funded policies of the European Union, and its success will depend on the ability to maintain the balance between supporting farmers, protecting the environment and adapting to global challenges.

Table 16.1: Traditional CAP vs. CAP 2025

Analysis element	Traditional CAP (pre-reform)	CAP 2023–2027 (current stage 2025)
Implementation model	Compliance-based (following rules)	Based on performance and results (measured indicators)
The role of Member States	Relatively uniform application across the EU	National Strategic Plans with increased flexibility
Central objective	Stabilizing markets and supporting incomes	Resilience, sustainability, competitiveness

Environmental dimension	Limited conditionality	Reinforced cross-compliance + mandatory eco-schemes
Support for farmers	Predominantly uniform direct payments	Fairer redistribution, support for small farms and young farmers
Main tools	Direct payments + rural development	Direct payments, eco-schemes, sectoral interventions, integrated rural development
Green transition	Secondary component	Central element of the CAP (climate, biodiversity, soil)
Digitalization and innovation	Moderate accent	Strategic priority (precision agriculture, smart technologies)
Risk management	Classic market interventions	Flexible instruments, crisis reserves, stabilization mechanisms
Link to the European Green Deal	Limited	Direct integration into EU climate and environmental objectives
Control and evaluation	Focus on administrative compliance	Monitoring based on performance indicators and results

From the table we note that the CAP 2025 reflects the transition from a predominantly redistributive policy to a strategic-transformative one, oriented towards:

- food security,
- strategic agricultural autonomy,
- climate neutrality,
- innovation and global competitiveness.

16.5. CAP objectives and priorities: competitiveness, environment, climate and generational renewal.

The Common Agricultural Policy (CAP) Strategic Plan for 2023-2027 (adopted by Regulation (EU) 2021/2115) offers a more flexible approach

adapted to national realities, allowing each Member State to develop its own strategic plan. The new structure is based on shared responsibility: Member States propose concrete measures, the European Commission approves the plans and checks them against EU strategic objectives (including the European Green Deal). Since 1 January 2023, the CAP Strategic Plans have become operational at European level, marking the beginning of a new phase in the financing and regulation of agriculture.

The CAP Strategic Plan is structured around ten key objectives that reflect the social, economic and environmental dimensions of European agriculture.

These include: ensuring a decent income for farmers, improving competitiveness, strengthening farmers' position in the food chain, combating climate change, protecting biodiversity, supporting the younger generation in agriculture, revitalising rural areas, guaranteeing food quality and promoting innovation. Within this framework, Member States can tailor their interventions to local needs and plan measures that contribute to both socio-economic development and environmental sustainability.

A. Economic Dimension:

- Ensuring a fair income for farmers.
- Increasing competitiveness (focus on innovation and digitalization).
- Rebalancing power in the food chain (better positioning of farmers).

B. Environment and Climate Dimension (Green Deal):

- Actions against climate change (reducing emissions).
- Protecting natural resources (soil, water, air).
- Preservation of landscapes and biodiversity.

C. Social Dimension:

- Supporting generational renewal (young farmers).
- Dynamic rural areas (combating depopulation, gender equality).
- Protecting food quality and health (reduction of pesticides, animal welfare).

D. Cross-cutting Objective: Modernizing the sector through knowledge, innovation and digitalization (AKIS - Agricultural Knowledge and Innovation Systems).

CAP funding for the period 2023–2027 comes from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), which cover direct support to farmers and

rural development programs. The funding mechanisms include direct payments, eco-schemes and rural development measures related to the environment and climate. A significant part of the funds is allocated to measures with environmental effects: according to the approved plans, around 32% of CAP public funding is dedicated to interventions with benefits for climate, water, biodiversity and animal welfare. As of 2024, an amending regulation introduced more flexibility for Member States and relaxed some environmental requirements (cross-compliance) to respond to farmers' protests.

The financial architecture has been revised to be "greener" and fairer.

Eco-schemes (Major novelty):

- At least 25% of the direct payments budget is allocated exclusively for eco-schemes.
- They are voluntary payments for farmers (but mandatory for states to offer) for practices that go beyond basic standards (e.g. precision agriculture, agroforestry, cover crops).

Complementary Redistributive Support:

- At least 10% of direct payments are redistributed from large farms to small and medium-sized farms, to ensure equity.

Social Conditionality:

- For the first time, CAP payments are linked to respect for farm workers' rights. Farmers who violate labor laws can lose subsidies.
- Support for Young Farmers:
- At least 3% of the budget must be allocated to young farmers (settling in, income support).

16.7. Impact of the CAP 2021–2027: transformations in agriculture, sustainability, biodiversity and rural development.

In the first years of application (2023–2024), the CAP strategic plans have demonstrated their ability to target financial support to smaller farms and to environmental and climate actions. For example, the national plans for Romania and Bulgaria have been approved and foresee substantial allocations for sustainable practices: Romania will use a large part of its rural development funds for ecological and biodiversity support. At the same time, enhanced conditionality and the eco-scheme aim to encourage farmers to adopt more environmentally friendly farming practices. The expected impact is one of structural transformation:

- Alignment with the Green Deal: The CAP is the main financial driver for achieving the targets of the Farm to Fork Strategy (reducing pesticides by 50%, fertilizers by 20% and increasing organic farming to 25% of the area).
- Precision Agriculture and Digitalization: A massive increase in the use of technology (GPS, sensors, drones) to optimize resources is expected, funded through Pillar II.
- Economic Resilience: Through risk management tools (subsidized insurance), the CAP tries to protect farmers from price volatility and extreme weather events.
- Biodiversity: Through strict conditionality (e.g., leaving land fallow, crop rotation), the aim is to restore degraded agricultural ecosystems.

The developments in the first years of application of the CAP 2023–2027 highlight a profound conceptual transformation of European agricultural policy. While in previous phases the emphasis was predominantly on stabilizing agricultural incomes and managing surpluses, in the current stage the CAP is becoming an integrated public policy instrument, at the intersection of food security, climate sustainability, economic resilience and rural cohesion.

The introduction of the performance-based implementation model marks a paradigm shift: Member States are no longer assessed solely on administrative compliance, but also on the concrete results achieved. This approach stimulates national ownership and the adaptation of interventions to territorial realities, while strengthening the multilevel governance of the CAP.

In economic terms, the CAP contributes to strengthening the resilience of the agricultural sector in an environment characterised by price volatility and climate instability. Risk management tools, together with investments in modernisation and digitalisation, increase farmers' capacity to cope with external shocks. Thus, agricultural policy is no longer just a compensation mechanism, but becomes a vector of structural adaptation.

In environmental terms, the integration of the objectives of the European Green Deal gives the CAP a central role in the Union's climate transition. Reducing the use of pesticides and fertilisers, expanding organic farming and protecting biodiversity are not simple administrative requirements, but components of a systemic strategy to transform the Eu-

ropean agri-food model. However, this environmental ambition must be carefully managed to avoid affecting the competitiveness and incomes of farmers, especially in less developed regions.

The social dimension of the CAP remains just as important. Support for small and medium-sized farms, as well as measures dedicated to young farmers, contribute to maintaining the vitality of rural areas and preventing depopulation. Territorial cohesion thus becomes a complementary objective to the economic and climate one.

Looking towards the 2030 horizon, the major challenge lies in maintaining the balance between three fundamental axes:

- economic competitiveness,
- ecological sustainability,
- social equity.

The CAP's ability to harmonize these dimensions will determine not only the future of European agriculture, but also the Union's credibility in implementing its own climate and sustainable development commitments.

In conclusion, the Common Agricultural Policy at the current stage asserts itself as a strategic pillar of the European construction. It reflects the maturation of integration, moving from a logic of sectoral support to one of systemic transformation. If it succeeds in strengthening economic resilience and promoting a fair green transition, the CAP can become a model of integrated public policy at a global level, demonstrating that food security, competitiveness and environmental protection are not antagonistic objectives, but complementary.

Review problems

- Describe the main stages and directions of CAP reforms.
- Reviewthe impact of reforms on agriculture and rural development in the EU.
- Explain financial support mechanisms and agricultural subsidies.
- Review the role of the CAP in promoting sustainability and food security.
- Reviewthe challenges and future prospects of the reform of the common agricultural policy.

- Describe the structure and principles of the CAP Strategic Plan 2021–2027, highlighting the innovations compared to previous periods.
- Analyze strategic objectives, including support for sustainability, rural development, innovation, and digitalization of agriculture.
- Evaluate the financing mechanisms and implementation tools of the plan, including Pillars I and II and green conditionalities.
- Examine the impact of the plan on farmers, agri-food markets and the environment, including through the lens of the European Green Deal.
- Interpret European agricultural policies in the context of global challenges and formulate proposals to improve the efficiency of the CAP

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