

Article 2

The Treaty establishing the European Community shall be amended in accordance with the provisions of this Article.

- 1) The title of the Treaty shall be replaced by 'Treaty on the Functioning of the European Union'.

A. HORIZONTAL AMENDMENTS

- 2) Throughout the Treaty:
 - (a) the words 'Community' and 'European Community' shall be replaced by 'Union' and any necessary grammatical changes shall be made, the words 'European Communities' shall be replaced by 'European Union', except in paragraph 6(c) of Article 299, renumbered paragraph 5(c) of Article 311a. In respect of Article 136, this amendment shall apply only to the mention of 'The Community' at the beginning of the first paragraph;
 - (b) the words 'this Treaty' and 'the present Treaty' shall be replaced by 'the Treaties', the verb, where applicable, shall be put in the plural and any necessary grammatical changes shall be made; this point shall not apply to the third paragraph of Article 182 and to Articles 312 and 313;
 - (c) the words 'the Council [shall], acting in accordance with the procedure referred to in Article 251' shall be replaced by 'the European Parliament and the Council [shall], acting in accordance with the ordinary legislative procedure', and the words 'procedure referred to in Article 251' shall be replaced by 'ordinary legislative procedure';
 - (d) the words 'acting by a qualified majority' and 'by a qualified majority' shall be deleted;
 - (e) the words 'Council meeting in the composition of the Heads of State or Government' shall be replaced by 'European Council';
 - (f) the words 'institutions or bodies' and 'institutions and bodies' shall be replaced by 'institutions, bodies, offices or agencies', except in the first paragraph of Article 193;
 - (g) the words 'common market' shall be replaced by 'internal market';
 - (h) the word 'ecu' shall be replaced by 'euro';
 - (i) the words 'Member States without a derogation' shall be replaced by 'Member States whose currency is the euro';

- (j) the abbreviation 'ECB' shall be replaced by 'European Central Bank';
- (k) the words 'Statute of the ESCB' shall be replaced by 'Statute of the ESCB and of the ECB';
- (l) The words 'Committee provided for in Article 114' and 'Committee referred to in Article 114' shall be replaced by 'Economic and Financial Committee';
- (m) the words 'Statute of the Court of Justice' or 'Statute of the Court' shall be replaced by 'Statute of the Court of Justice of the European Union';
- (n) the words 'Court of First Instance' shall be replaced by 'General Court';
- (o) the words 'judicial panel' and 'judicial panels' shall be replaced by 'specialised court' and 'specialised courts' respectively and any necessary grammatical changes shall be made.
- 3) In the following Articles, the words 'acting unanimously on a proposal from the Commission' shall be replaced by 'acting unanimously in accordance with a special legislative procedure':
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| — Article 13, renumbered 16 E, first paragraph | — Article 93 |
| — Article 19(1) | — Article 94, renumbered 95 |
| — Article 19(2) | — Article 104(14), second subparagraph |
| — Article 22, second paragraph | — Article 175(2), first subparagraph |
- 4) In the following Articles, the words 'acting by a simple majority' shall be inserted after 'the Council':
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| — Article 130, first paragraph | — Article 213, final paragraph, third sentence |
| — Article 144, first paragraph | — Article 216 |
| — Article 208 | — Article 284 |
| — Article 209 | |
- 5) In the following Articles, the words 'consulting the European Parliament' shall be replaced by 'obtaining the consent of the European Parliament':
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| — Article 13, renumbered 16 E, first paragraph |
| — Article 22, second paragraph |

- 6) In the following Articles, the word ‘institution’ or ‘institutions’ shall be replaced by ‘institution, body, office or agency’ or ‘institutions, bodies, offices or agencies’, as appropriate, and any grammatical changes necessary shall be made:
- Article 195(1), second subparagraph
 - Article 232, second paragraph
 - Article 233, first paragraph:
 - Article 234, point (b)
 - Article 255(3) which shall become Article 16 A(3), third subparagraph
- 7) In the following Articles, the words ‘Court of Justice’ shall be replaced by ‘Court of Justice of the European Union’.
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| — Article 83(2)(d) | — Article 233, first paragraph |
| — Article 88(2), second subparagraph | — Article 234, first paragraph |
| — Article 95, renumbered 94(9) | — Article 235 |
| — Article 195(1) | — Article 236 |
| — Article 225a, sixth paragraph | — Article 237, introductory sentence |
| — Article 226, second paragraph | — Article 238 |
| — Article 227, first paragraph | — Article 240 |
| — Article 228(1), first instance | — Article 242, first sentence |
| — Article 229 | — Article 243 |
| — Article 229a | — Article 244 |
| — Article 230, first paragraph | — Article 247(9), renumbered (8) |
| — Article 231, first paragraph | — Article 256, second paragraph |
| — Article 232, first and third paragraphs | |

In the following Articles, the words ‘of Justice’ shall be deleted after ‘Court’:

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| — Article 227, fourth paragraph | — Article 234, second and third paragraphs |
| — Article 228(1), second instance and | — Article 237, point (d), third sentence |
| — Article 228(2), second subparagraph | — Article 242, second sentence |
| — Article 230, third paragraph | — Article 256, fourth paragraph |
| — Article 231, second paragraph | |
| — Article 232, third paragraph | |

- 8) In the following Articles, the reference to another Article of the Treaty shall be replaced by the following reference to an Article of the Treaty on European Union:

— Article 21, third, now fourth, paragraph	reference to Article 9 (first reference) and to Article 53(1) (second reference)
— Article 97b	reference to Article 2
— Article 98	reference to Article 2 (first reference)
— Article 105(1), second sentence	reference to Article 2
— Article 215, third, now fourth, paragraph	reference to Article 9 D(7), first subparagraph.

- 9) *(Does not apply to the English version.)*

B. SPECIFIC AMENDMENTS

PREAMBLE

- 10) In the second recital, the word ‘countries’ shall be replaced by ‘States’ and in the last recital, the words ‘HAVE DECIDED to create a EUROPEAN COMMUNITY and to this end have designated’ shall be replaced by ‘and to this end HAVE DESIGNATED’.

COMMON PROVISIONS

- 11) Articles 1 and 2 shall be repealed. The following Article 1a shall be inserted:

‘Article 1a

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

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

CATEGORIES AND AREAS OF COMPETENCE

12) The following new Title and new Articles 2 A to 2 E shall be inserted:

‘TITLE I

CATEGORIES AND AREAS OF UNION COMPETENCE

Article 2 A

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

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

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

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

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

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

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

Article 2 B

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

(a) customs union;

(b) the establishing of the competition rules necessary for the functioning of the internal market;

- (c) monetary policy for the Member States whose currency is the euro;
- (d) the conservation of marine biological resources under the common fisheries policy;
- (e) common commercial policy.

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

Article 2 C

1. The Union shall share competence with the Member States where the Treaties confer on it a competence which does not relate to the areas referred to in Articles 2 B and 2 E.

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

- (a) internal market;
- (b) social policy, for the aspects defined in this Treaty;
- (c) economic, social and territorial cohesion;
- (d) agriculture and fisheries, excluding the conservation of marine biological resources;
- (e) environment;
- (f) consumer protection;
- (g) transport;
- (h) trans-European networks;
- (i) energy;
- (j) area of freedom, security and justice;
- (k) common safety concerns in public health matters, for the aspects defined in this Treaty.

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

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

Article 2 D

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

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

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

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

Article 2 E

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

- (a) protection and improvement of human health;
- (b) industry;
- (c) culture;
- (d) tourism;
- (e) education, vocational training, youth and sport;
- (f) civil protection;
- (g) administrative cooperation.'

PROVISIONS HAVING GENERAL APPLICATION

13) The following title and Article 2 F shall be inserted:

'TITLE II

PROVISIONS HAVING GENERAL APPLICATION

Article 2 F

The Union shall ensure consistency between its policies and activities, taking all of its objectives into account and in accordance with the principle of conferral of powers.'

- 14) Paragraph 1 of Article 3 shall be repealed. Paragraph 2 shall be left unnumbered, and the words 'the activities referred to in this Article,' shall be replaced by 'its activities,'.
- 15) The text of Article 4 shall become Article 97b. It shall be amended as set out below in point 85.
- 16) Article 5 shall be repealed; it shall be replaced by Article 3b of the Treaty on European Union.
- 17) The following Article 5a shall be inserted:

'Article 5a

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

- 18) The following Article 5b shall be inserted:

'Article 5b

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

- 19) In Article 6, the words 'referred to in Article 3' shall be deleted.
- 20) An Article 6a shall be inserted, with the wording of Article 153(2).
- 21) An Article 6b shall be inserted, with the wording of the enacting terms of the Protocol on the protection and welfare of animals; the word 'fisheries' shall be inserted after 'agriculture', the words 'and research' shall be replaced by 'research and technological development and space', and the words ', since animals are sentient beings,' shall be inserted after 'Member States shall'.
- 22) Articles 7 to 10 shall be repealed. Articles 11 and 11a shall be replaced by Article 10 of the Treaty on European Union and by Articles 280 A and 280 I of the Treaty on the Functioning of the European Union, as set out in this Treaty in point 22 of Article 1 above and in point 278 below.
- 23) The text of Article 12 shall become Article 16 D.
- 24) The text of Article 13 shall become Article 16 E. It shall be amended as set out below at point 33.
- 25) The text of Article 14 shall become Article 22a. It shall be amended as set out below at point 41.
- 26) The text of Article 15 shall become Article 22b. It shall be amended as set out below at point 42.

27) Article 16 shall be amended as follows:

- (a) at the beginning, the words 'Without prejudice to Articles 73, 86 and 87,' shall be replaced by 'Without prejudice to Article 3a of the Treaty on European Union or to Articles 73, 86 and 87 of this Treaty;';
- (b) at the end of the sentence, the words 'and conditions which enable them to fulfil their missions' shall be replaced by 'and conditions, particularly economic and financial conditions, which enable them to fulfil their missions.';
- (c) the following new sentence shall be added:

'The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall establish these principles and set these conditions without prejudice to the competence of Member States, in compliance with the Treaties, to provide, to commission and to fund such services.'

28) An Article 16 A shall be inserted, with the wording of Article 255; it shall be amended as follows:

- (a) paragraph 1 shall be preceded by the following text, paragraph 1 being renumbered 3 and paragraphs 2 and 3 becoming subparagraphs:

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

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

- (b) in paragraph 1, renumbered 3, which shall become the first subparagraph of paragraph 3, a change shall be made to the French which does not concern the English version. The words 'European Parliament, Council and Commission documents' shall be replaced by 'documents of the Union institutions, bodies, offices and agencies, whatever their medium' and the words 'paragraphs 2 and 3' shall be replaced by the words 'this paragraph';
- (c) in paragraph 2, which shall become the second subparagraph of paragraph 1, renumbered 3, the words 'by means of regulations' shall be inserted after 'shall be determined by the Council' and the words 'within two years of the entry into force of the Treaty of Amsterdam' shall be deleted;
- (d) in paragraph 3, which shall become the third subparagraph of paragraph 1, renumbered 3, the words 'referred to above shall elaborate' shall be replaced by 'shall ensure that its proceedings are transparent and shall elaborate', the words ', in accordance with the regulations referred to in the second subparagraph' shall be inserted at the end of the subparagraph and the following two new subparagraphs shall be added:

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

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

29) An Article 16 B shall be inserted, replacing Article 286:

‘Article 16 B

1. Everyone has the right to the protection of personal data concerning them.
2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall lay down the rules relating to the protection of individuals with regard to the processing of personal data by Union institutions, bodies, offices and agencies, and by the Member States when carrying out activities which fall within the scope of Union law, and the rules relating to the free movement of such data. Compliance with these rules shall be subject to the control of independent authorities.

The rules adopted on the basis of this Article shall be without prejudice to the specific rules laid down in Article 25a of the Treaty on European Union.’

30) The following new Article 16 C shall be inserted:

‘Article 16 C

1. The Union respects and does not prejudice the status under national law of churches and religious associations or communities in the Member States.
2. The Union equally respects the status under national law of philosophical and non-confessional organisations.
3. Recognising their identity and their specific contribution, the Union shall maintain an open, transparent and regular dialogue with these churches and organisations.’

NON-DISCRIMINATION AND CITIZENSHIP

- 31) The heading of Part Two shall be replaced by the following heading: ‘NON-DISCRIMINATION AND CITIZENSHIP OF THE UNION’.
- 32) An Article 16 D shall be inserted, with the wording of Article 12.
- 33) An Article 16 E shall be inserted, with the wording of Article 13; in paragraph 2, the words ‘when the Council adopts Community’ shall be replaced by ‘the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may adopt the basic principles of the Union’s’ and the words at the end of the paragraph ‘it shall act in accordance with the procedure referred to in Article 251’ shall be deleted.

34) Article 17 shall be amended as follows:

- (a) in paragraph 1, the word 'complement' shall be replaced by 'be additional to';
- (b) paragraph 2 shall be replaced by the following:

'2. Citizens of the Union shall enjoy the rights and be subject to the duties provided for in the Treaties. They shall have, *inter alia*:

- (a) the right to move and reside freely within the territory of the Member States;
- (b) the right to vote and to stand as candidates in elections to the European Parliament and in municipal elections in their Member State of residence, under the same conditions as nationals of that State;
- (c) the right to enjoy, in the territory of a third country in which the Member State of which they are nationals is not represented, the protection of the diplomatic and consular authorities of any Member State on the same conditions as the nationals of that State;
- (d) the right to petition the European Parliament, to apply to the European Ombudsman, and to address the institutions and advisory bodies of the Union in any of the Treaty languages and to obtain a reply in the same language.

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

35) Article 18 shall be amended as follows:

- (a) in paragraph 2, the words 'the Council may adopt' shall be replaced by 'the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may adopt' and the last sentence shall be deleted;
- (b) paragraph 3 shall be replaced by the following:

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

- 36) In Article 20, the words ‘establish the necessary rules among themselves and’ shall be replaced by ‘adopt the necessary provisions and’. The following new paragraph shall be added:
- ‘The Council, acting in accordance with a special legislative procedure and after consulting the European Parliament, may adopt directives establishing the coordination and cooperation measures necessary to facilitate such protection.’
- 37) In Article 21, the following new first paragraph shall be inserted:
- ‘The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall adopt the provisions for the procedures and conditions required for a citizens’ initiative within the meaning of Article 8 B of the Treaty on European Union, including the minimum number of Member States from which such citizens must come.’
- 38) In Article 22, second paragraph, the words ‘the rights laid down in this Part, which it shall recommend to the Member States for adoption in accordance with their respective constitutional requirements’ shall be replaced by ‘the rights listed in Article 17(2). These provisions shall enter into force after their approval by the Member States in accordance with their respective constitutional requirements.’
- 39) In the heading of Part Three, the words ‘AND INTERNAL ACTIONS’ shall be inserted after ‘POLICIES’.

INTERNAL MARKET

- 40) A Title I, with the heading ‘THE INTERNAL MARKET’ shall be inserted at the beginning of Part Three.
- 41) An Article 22a shall be inserted, with the wording of Article 14. Paragraph 1 shall be replaced by the following:
- ‘1. The Union shall adopt measures with the aim of establishing or ensuring the functioning of the internal market, in accordance with the relevant provisions of the Treaties.’
- 42) An Article 22b shall be inserted, with the wording of Article 15. In the first paragraph, the words ‘during the period of establishment’ shall be replaced by ‘for the establishment’.
- 43) Title I on the free movement of goods shall become Title Ia.
- 44) In Article 23(1), the words ‘shall be based upon’ shall be replaced by ‘shall comprise’.
- 45) A Chapter Ia entitled ‘CUSTOMS COOPERATION’ shall be inserted after Article 27, and an Article 27a shall be inserted with the wording of Article 135, the last sentence of that Article being deleted.

AGRICULTURE AND FISHERIES

- 46) In the heading of Title II, the words 'AND FISHERIES' shall be added.
- 47) Article 32 shall be amended as follows:
- (a) in paragraph 1, the following new first subparagraph shall be inserted:

'1. The Union shall define and implement a common agriculture and fisheries policy.',
the current text of paragraph 1 shall become the second subparagraph.

In the second subparagraph, the word ', fisheries' shall be inserted after 'agriculture' in the first sentence and the following sentence shall be added as the last sentence of the subparagraph: 'References to the common agricultural policy or to agriculture, and the use of the term "agricultural", shall be understood as also referring to fisheries, having regard to the specific characteristics of this sector.'
 - (b) in paragraph 2, the words 'and functioning' shall be inserted after the word 'establishment'.
 - (c) in paragraph 3, the words 'to this Treaty' shall be deleted.
- 48) Article 36 shall be amended as follows:
- (a) in the first paragraph, the words 'the European Parliament and' shall be inserted before 'the Council' and the words 'and (3)' shall be deleted;
 - (b) in the second paragraph, the introductory sentence shall be replaced by the following: 'The Council, on a proposal from the Commission, may authorise the granting of aid:'.
- 49) Article 37 shall be amended as follows:
- (a) paragraph 1 shall be deleted;
 - (b) paragraph 2 shall be renumbered 1; the words 'Having taken into account the work of the Conference provided for in paragraph 1, after consulting the Economic and Social Committee and within two years of the entry into force of the Treaty, the Commission shall submit proposals' shall be replaced by 'The Commission shall submit proposals', and the third subparagraph shall be deleted;
 - (c) the following paragraphs shall be inserted as new paragraphs 2 and 3, and the remaining paragraphs shall be renumbered accordingly:

'2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall establish the common organisation of agricultural markets provided for in Article 34(1) and the other provisions necessary for the pursuit of the objectives of the common agricultural policy and the common fisheries policy;

3. The Council, on a proposal from the Commission, shall adopt measures on fixing prices, levies, aid and quantitative limitations and on the fixing and allocation of fishing opportunities.’;
- (d) in the introductory words to paragraph 3 renumbered 4, the words ‘The Council may, acting by a qualified majority and in accordance with paragraph 2, replace the national market organisations by the common organisation’ shall be replaced by ‘In accordance with paragraph 2, the national market organisations may be replaced by the common organisation’;
- (e) at the beginning of paragraph 4 renumbered 5, a change shall be made to the French which does not concern the English version.

FREE MOVEMENT OF WORKERS

- 50) In Article 39(3)(d), the word ‘implementing’ shall be deleted.
- 51) Article 42 shall be amended as follows:
- (a) in the first paragraph, the words ‘migrant workers and their dependants.’ shall be replaced by ‘employed and self-employed migrant workers and their dependants.’;
- (b) the last paragraph shall be replaced by the following:
- ‘Where a member of the Council declares that a draft legislative act referred to in the first subparagraph would affect important aspects of its social security system, including its scope, cost or financial structure, or would affect the financial balance of that system, it may request that the matter be referred to the European Council. In that case, the ordinary legislative procedure shall be suspended. After discussion, the European Council shall, within four months of this suspension, either:
- (a) refer the draft back to the Council, which shall terminate the suspension of the ordinary legislative procedure; or
- (b) take no action or request the Commission to submit a new proposal; in that case, the act originally proposed shall be deemed not to have been adopted.’.

FREEDOM OF ESTABLISHMENT

- 52) In Article 44(2), the words ‘The European Parliament,’ shall be inserted at the beginning of the paragraph.
- 53) In Article 45, second paragraph, the words ‘The Council may, acting by a qualified majority on a proposal from the Commission,’ shall be replaced by ‘The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may’.

- 54) Article 47 shall be amended as follows:
- (a) the following phrase shall be added at the end of paragraph 1: ‘and for the coordination of the provisions laid down by law, regulation or administrative action in Member States concerning the taking-up and pursuit of activities as self-employed persons.’;
 - (b) paragraph 2 shall be deleted and paragraph 3 shall be renumbered 2; a change shall be made to the French which does not concern the English version.
- 55) An Article 48a shall be inserted, with the wording of Article 294.

SERVICES

- 56) Article 49 shall be amended as follows:
- (a) in the first paragraph, the words ‘State of the Community’ shall be replaced by ‘Member State’;
 - (b) in the second paragraph, the words ‘The Council may, acting by a qualified majority on a proposal from the Commission, extend’ shall be replaced by ‘The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may extend’.
- 57) In Article 50, third paragraph, the words ‘the State’ shall be replaced by ‘the Member State’.
- 58) In Article 52(1), the words ‘the Council shall, on a proposal from the Commission and after consulting the Economic and Social Committee and the European Parliament, issue’ shall be replaced by ‘the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall issue’.
- 59) In Article 53, the words ‘declare their readiness to’ shall be replaced by ‘shall endeavour to’.

CAPITAL

- 60) In Article 57(2), the words ‘the Council may, acting by a qualified majority on a proposal from the Commission, adopt measures’ shall be replaced by ‘the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt the measures’ and the last sentence of paragraph 2 shall become paragraph 3, reading as follows:
- ‘3. Notwithstanding paragraph 2, only the Council, acting in accordance with a special legislative procedure, may unanimously, and after consulting the European Parliament, adopt measures which constitute a step backwards in Union law as regards the liberalisation of the movement of capital to or from third countries.’

61) In Article 58, the following new paragraph 4 shall be added:

‘4. In the absence of measures pursuant to Article 57(3), the Commission or, in the absence of a Commission decision within three months from the request of the Member State concerned, the Council, may adopt a decision stating that restrictive tax measures adopted by a Member State concerning one or more third countries are to be considered compatible with the Treaties insofar as they are justified by one of the objectives of the Union and compatible with the proper functioning of the internal market. The Council shall act unanimously on application by a Member State.’

62) Article 60 shall become Article 61 H. It shall be amended as set out below in point 64.

AREA OF FREEDOM, SECURITY AND JUSTICE;

63) A Title IV, with the heading ‘AREA OF FREEDOM, SECURITY AND JUSTICE’, shall replace the Title IV on visas, asylum, immigration, and other policies related to free movement of persons. Title IV shall contain the following Chapters:

Chapter 1: General provisions

Chapter 2: Policies on border checks, asylum and immigration

Chapter 3: Judicial cooperation in civil matters

Chapter 4: Judicial cooperation in criminal matters

Chapter 5: Police cooperation.

GENERAL PROVISIONS

64) Article 61 shall be replaced by the following Chapter 1 and Articles 61 to 61 I. Article 61 shall also replace the current Article 29 of the Treaty on European Union, Article 61 D shall replace Article 36 thereof, Article 61 E shall replace Article 64(1) of the Treaty establishing the European Community and the current Article 33 of the Treaty on European Union, Article 61G shall replace Article 66 of the Treaty establishing the European Community and Article 61 H shall take over Article 60 thereof, as set out in point 62 above:

‘CHAPTER 1

GENERAL PROVISIONS

Article 61

1. The Union shall constitute an area of freedom, security and justice with respect for fundamental rights and the different legal systems and traditions of the Member States.

2. It shall ensure the absence of internal border controls for persons and shall frame a common policy on asylum, immigration and external border control, based on solidarity between Member States, which is fair towards third-country nationals. For the purpose of this Title, stateless persons shall be treated as third-country nationals.

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

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

Article 61 A

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

Article 61 B

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

Article 61 C

Without prejudice to Articles 226, 227 and 228, the Council may, on a proposal from the Commission, adopt measures laying down the arrangements whereby Member States, in collaboration with the Commission, conduct objective and impartial evaluation of the implementation of the Union policies referred to in this Title by Member States' authorities, in particular in order to facilitate full application of the principle of mutual recognition. The European Parliament and national Parliaments shall be informed of the content and results of the evaluation.

Article 61 D

A standing committee shall be set up within the Council in order to ensure that operational cooperation on internal security is promoted and strengthened within the Union. Without prejudice to Article 207, it shall facilitate coordination of the action of Member States' competent authorities. Representatives of the Union bodies, offices and agencies concerned may be involved in the proceedings of this committee. The European Parliament and national Parliaments shall be kept informed of the proceedings.

Article 61 E

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

Article 61 F

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

Article 61 G

The Council shall adopt measures to ensure administrative cooperation between the relevant departments of the Member States in the areas covered by this Title, as well as between those departments and the Commission. It shall act on a Commission proposal, subject to Article 61 I, and after consulting the European Parliament.

Article 61 H

Where necessary to achieve the objectives set out in Article 61, as regards preventing and combating terrorism and related activities, the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall define a framework for administrative measures with regard to capital movements and payments, such as the freezing of funds, financial assets or economic gains belonging to, or owned or held by, natural or legal persons, groups or non-State entities.

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

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

Article 61 I

The acts referred to in Chapters 4 and 5, together with the measures referred to in Article 61 G which ensure administrative cooperation in the areas covered by these Chapters, shall be adopted:

- (a) on a proposal from the Commission, or
- (b) on the initiative of a quarter of the Member States.’.

BORDER CHECKS, ASYLUM AND IMMIGRATION

- 65) Articles 62 to 64 shall be replaced by the following Chapter 2 and Articles 62 to 63b. Article 62 shall replace Article 62, paragraphs 1 and 2 of Article 63 shall replace points 1 and 2 of Article 63, paragraph 3 of Article 63 shall replace paragraph 2 of Article 64 and Article 63a shall replace points 3 and 4 of Article 63:

‘CHAPTER 2

POLICIES ON BORDER CHECKS, ASYLUM AND IMMIGRATION

Article 62

1. The Union shall develop a policy with a view to:
 - (a) ensuring the absence of any controls on persons, whatever their nationality, when crossing internal borders;
 - (b) carrying out checks on persons and efficient monitoring of the crossing of external borders;
 - (c) the gradual introduction of an integrated management system for external borders.
2. For the purposes of paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt measures concerning:
 - (a) the common policy on visas and other short-stay residence permits;
 - (b) the checks to which persons crossing external borders are subject;
 - (c) the conditions under which nationals of third countries shall have the freedom to travel within the Union for a short period;
 - (d) any measure necessary for the gradual establishment of an integrated management system for external borders;
 - (e) the absence of any controls on persons, whatever their nationality, when crossing internal borders.
3. If action by the Union should prove necessary to facilitate the exercise of the right referred to in Article 17(2)(a), and if the Treaties have not provided the necessary powers, the Council, acting in accordance with a special legislative procedure, may adopt provisions concerning passports, identity cards, residence permits or any other such document. The Council shall act unanimously after consulting the European Parliament.
4. This Article shall not affect the competence of the Member States concerning the geographical demarcation of their borders, in accordance with international law.

Article 63

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

2. For the purposes of paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt measures for a common European asylum system comprising:

- (a) a uniform status of asylum for nationals of third countries, valid throughout the Union;
- (b) a uniform status of subsidiary protection for nationals of third countries who, without obtaining European asylum, are in need of international protection;
- (c) a common system of temporary protection for displaced persons in the event of a massive inflow;
- (d) common procedures for the granting and withdrawing of uniform asylum or subsidiary protection status;
- (e) criteria and mechanisms for determining which Member State is responsible for considering an application for asylum or subsidiary protection;
- (f) standards concerning the conditions for the reception of applicants for asylum or subsidiary protection;
- (g) partnership and cooperation with third countries for the purpose of managing inflows of people applying for asylum or subsidiary or temporary protection.

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

Article 63a

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

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

- (a) the conditions of entry and residence, and standards on the issue by Member States of long-term visas and residence permits, including those for the purpose of family reunification;
- (b) the definition of the rights of third-country nationals residing legally in a Member State, including the conditions governing freedom of movement and of residence in other Member States;

(c) illegal immigration and unauthorised residence, including removal and repatriation of persons residing without authorisation;

(d) combating trafficking in persons, in particular women and children.

3. The Union may conclude agreements with third countries for the readmission to their countries of origin or provenance of third-country nationals who do not or who no longer fulfil the conditions for entry, presence or residence in the territory of one of the Member States.

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

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

Article 63b

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

JUDICIAL COOPERATION IN CIVIL MATTERS

66) Article 65 shall be replaced by the following Chapter 3 and Article 65:

‘CHAPTER 3

JUDICIAL COOPERATION IN CIVIL MATTERS

Article 65

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

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

(a) the mutual recognition and enforcement between Member States of judgments and of decisions in extrajudicial cases;

- (b) the cross-border service of judicial and extrajudicial documents;
- (c) the compatibility of the rules applicable in the Member States concerning conflict of laws and of jurisdiction;
- (d) cooperation in the taking of evidence;
- (e) effective access to justice;
- (f) the elimination of obstacles to the proper functioning of civil proceedings, if necessary by promoting the compatibility of the rules on civil procedure applicable in the Member States;
- (g) the development of alternative methods of dispute settlement;
- (h) support for the training of the judiciary and judicial staff.

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

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

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

JUDICIAL COOPERATION IN CRIMINAL MATTERS

- 67) Article 66 shall be replaced by Article 61 G, as set out in point 64 above, and Articles 67 to 69 shall be repealed. The following Chapter 4 and Articles 69 A to 69 E shall be inserted. Articles 69 A, 69 B and 69 D shall replace the current Article 31 of the Treaty on European Union, as set out above in point 51 of Article 1 of this Treaty:

'CHAPTER 4

JUDICIAL COOPERATION IN CRIMINAL MATTERS

Article 69 A

1. Judicial cooperation in criminal matters in the Union shall be based on the principle of mutual recognition of judgments and judicial decisions and shall include the approximation of the laws and regulations of the Member States in the areas referred to in paragraph 2 and in Article 69 B.

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

- (a) lay down rules and procedures for ensuring recognition throughout the Union of all forms of judgments and judicial decisions;
- (b) prevent and settle conflicts of jurisdiction between Member States;
- (c) support the training of the judiciary and judicial staff;
- (d) facilitate cooperation between judicial or equivalent authorities of the Member States in relation to proceedings in criminal matters and the enforcement of decisions.

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

They shall concern:

- (a) mutual admissibility of evidence between Member States;
- (b) the rights of individuals in criminal procedure;
- (c) the rights of victims of crime;
- (d) any other specific aspects of criminal procedure which the Council has identified in advance by a decision; for the adoption of such a decision, the Council shall act unanimously after obtaining the consent of the European Parliament.

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

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

Within the same timeframe, in case of disagreement, and if at least nine Member States wish to establish enhanced cooperation on the basis of the draft directive concerned, they shall notify the European Parliament, the Council and the Commission accordingly. In such a case, the authorisation to proceed with enhanced cooperation referred to in Article 10(2) of the Treaty on European Union and Article 280 D(1) of this Treaty shall be deemed to be granted and the provisions on enhanced cooperation shall apply.

Article 69 B

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

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

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

2. If the approximation of criminal laws and regulations of the Member States proves essential to ensure the effective implementation of a Union policy in an area which has been subject to harmonisation measures, directives may establish minimum rules with regard to the definition of criminal offences and sanctions in the area concerned. Such directives shall be adopted by the same ordinary or special legislative procedure as was followed for the adoption of the harmonisation measures in question, without prejudice to Article 61 I.

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

Within the same timeframe, in case of disagreement, and if at least nine Member States wish to establish enhanced cooperation on the basis of the draft directive concerned, they shall notify the European Parliament, the Council and the Commission accordingly. In such a case, the authorisation to proceed with enhanced cooperation referred to in Article 10(2) of the Treaty on European Union and Article 280 D(1) of this Treaty shall be deemed to be granted and the provisions on enhanced cooperation shall apply.

Article 69 C

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

Article 69 D

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

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

- (a) the initiation of criminal investigations, as well as proposing the initiation of prosecutions conducted by competent national authorities, particularly those relating to offences against the financial interests of the Union;
- (b) the coordination of investigations and prosecutions referred to in point (a);
- (c) the strengthening of judicial cooperation, including by resolution of conflicts of jurisdiction and by close cooperation with the European Judicial Network.

These regulations shall also determine arrangements for involving the European Parliament and national Parliaments in the evaluation of Eurojust's activities.

2. In the prosecutions referred to in paragraph 1, and without prejudice to Article 69 E, formal acts of judicial procedure shall be carried out by the competent national officials.

Article 69 E

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

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

Within the same timeframe, in case of disagreement, and if at least nine Member States wish to establish enhanced cooperation on the basis of the draft regulation concerned, they shall notify the European Parliament, the Council and the Commission accordingly. In such a case, the authorisation to proceed with enhanced cooperation referred to in Article 10(2) of the Treaty on European Union and Article 280 D(1) of this Treaty shall be deemed to be granted and the provisions on enhanced cooperation shall apply.

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

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

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

POLICE COOPERATION

68) The following Chapter 5 and Articles 69 F, 69 G and 69 H shall be inserted. Articles 69 F and 69 G shall replace the current Article 30 of the Treaty on European Union, and Article 69 H shall replace Article 32 thereof, as set out above in point 51 of Article 1 of this Treaty:

'CHAPTER 5

POLICE COOPERATION

Article 69 F

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

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

- (a) the collection, storage, processing, analysis and exchange of relevant information;
- (b) support for the training of staff, and cooperation on the exchange of staff, on equipment and on research into crime-detection;
- (c) common investigative techniques in relation to the detection of serious forms of organised crime.

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

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

Within the same timeframe, in case of disagreement, and if at least nine Member States wish to establish enhanced cooperation on the basis of the draft measures concerned, they shall notify the European Parliament, the Council and the Commission accordingly. In such a case, the authorisation to proceed with enhanced cooperation referred to in Article 10(2) of the Treaty on European Union and Article 280 D(1) of this Treaty shall be deemed to be granted and the provisions on enhanced cooperation shall apply.

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

Article 69 G

1. Europol's mission shall be to support and strengthen action by the Member States' police authorities and other law enforcement services and their mutual cooperation in preventing and combating serious crime affecting two or more Member States, terrorism and forms of crime which affect a common interest covered by a Union policy.
2. The European Parliament and the Council, by means of regulations adopted in accordance with the ordinary legislative procedure, shall determine Europol's structure, operation, field of action and tasks. These tasks may include:
 - (a) the collection, storage, processing, analysis and exchange of information, in particular that forwarded by the authorities of the Member States or third countries or bodies;
 - (b) the coordination, organisation and implementation of investigative and operational action carried out jointly with the Member States' competent authorities or in the context of joint investigative teams, where appropriate in liaison with Eurojust.

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

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

Article 69 H

The Council, acting in accordance with a special legislative procedure, shall lay down the conditions and limitations under which the competent authorities of the Member States referred to in Articles 69 A and 69 F may operate in the territory of another Member State in liaison and in agreement with the authorities of that State. The Council shall act unanimously after consulting the European Parliament.'

TRANSPORT

- 69) In Article 70, the words 'of this Treaty' shall be replaced by 'of the Treaties' and the words 'by Member States' shall be deleted.
- 70) In Article 71, paragraph 2 shall be replaced by the following:
- '2. When the measures referred to in paragraph 1 are adopted, account shall be taken of cases where their application might seriously affect the standard of living and level of employment in certain regions, and the operation of transport facilities.'
- 71) At the beginning of Article 72, the words ', without the unanimous approval of the Council,' shall be replaced by ', unless the Council has unanimously adopted a measure granting a derogation,'.
- 72) Article 75 shall be amended as follows:
- (a) in paragraph 1, the words 'shall be abolished' shall be replaced by 'shall be prohibited';
- (b) in paragraph 2, the words 'the Council' shall be replaced by 'the European Parliament and the Council';
- (c) in the first subparagraph of paragraph 3, the words 'the Economic and Social Committee' shall be replaced by 'the European Parliament and the Economic and Social Committee'.
- 73) In Article 78, the following sentence shall be added:
- 'Five years after the entry into force of the Treaty of Lisbon, the Council, acting on a proposal from the Commission, may adopt a decision repealing this Article.'
- 74) In Article 79, the phrase 'without prejudice to the powers of the Economic and Social Committee' shall be deleted.
- 75) In Article 80, paragraph 2 shall be replaced by the following:
- '2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may lay down appropriate provisions for sea and air transport. They shall act after consulting the Economic and Social Committee and the Committee of the Regions.'

RULES ON COMPETITION

- 76) In Article 85, the following new paragraph 3 shall be added:
- '3. The Commission may adopt regulations relating to the categories of agreement in respect of which the Council has adopted a regulation or a directive pursuant to Article 83(2)(b).'

77) Article 87 shall be amended as follows:

(a) in paragraph 2, the following sentence shall be added at the end of point (c):

‘Five years after the entry into force of the Treaty of Lisbon, the Council, acting on a proposal from the Commission, may adopt a decision repealing this point.’;

(b) in paragraph 3, the following words shall be added at the end of point (a): ‘, and of the regions referred to in Article 299, in view of their structural, economic and social situation.’;

78) In Article 88, the following new paragraph 4 shall be added:

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

TAX PROVISIONS

79) At the end of Article 93, the words ‘within the time limit laid down in Article 14’ shall be replaced by ‘and to avoid distortion of competition.’.

APPROXIMATION OF LAWS

80) The order of Articles 94 and 95 shall be reversed. Article 94 shall be renumbered 95 and Article 95 shall be renumbered 94.

81) Article 95, renumbered 94, shall be amended as follows:

(a) at the beginning of paragraph 1, the words ‘By way of derogation from Article 94 and’ shall be deleted;

(b) at the beginning of paragraph 4, the words ‘If, after the adoption by the Council or by the Commission of a harmonisation measure,’ shall be replaced by ‘If, after the adoption of a harmonisation measure by the European Parliament and the Council, by the Council or by the Commission.’;

(c) at the beginning of paragraph 5, the words ‘Moreover, without prejudice to paragraph 4, if, after the adoption by the Council or by the Commission of a harmonisation measure,’ shall be replaced by ‘Moreover, without prejudice to paragraph 4, if, after the adoption of a harmonisation measure by the European Parliament and the Council, by the Council or by the Commission.’;

(d) in paragraph 10, the words ‘Community control procedure’ shall be replaced by ‘Union control procedure’.

82) In Article 94, renumbered 95, the words ‘Without prejudice to Article 94,’ shall be inserted at the beginning.

- 83) In Article 96, second paragraph, first sentence, the words ‘, the Council shall, on a proposal from the Commission, acting by a qualified majority, issue’ shall be replaced by ‘, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall issue’. The second sentence shall be replaced by ‘Any other appropriate measures provided for in the Treaties may be adopted.’.

INTELLECTUAL PROPERTY

- 84) The following new Article 97a shall be inserted as the final article of Title VI:

‘Article 97a

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

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

ECONOMIC AND MONETARY POLICY

- 85) An Article 97b shall be inserted as the first article of Title VII, with the wording of Article 4; it shall be amended as follows:

- (a) in paragraph 1, the words ‘and in accordance with the timetable set out therein’ shall be deleted;
- (b) in paragraph 2, the words ‘Concurrently with the foregoing, and as provided in this Treaty and in accordance with the timetable and the procedures set out therein, these activities shall include the irrevocable fixing of exchange rates leading to the introduction of a single currency, the ecu,’ shall be replaced by ‘Concurrently with the foregoing, and as provided in the Treaties and in accordance with the procedures set out therein, these activities shall include a single currency, the euro,’.

- 86) Article 99 shall be amended as follows:

- (a) in paragraph 4, the first sentence of the first subparagraph shall be replaced by the following two sentences:

‘Where it is established, under the procedure referred to in paragraph 3, that the economic policies of a Member State are not consistent with the broad guidelines referred to in paragraph 2 or that they risk jeopardising the proper functioning of economic and monetary union, the Commission may address a warning to the Member State concerned. The Council, on a recommendation from the Commission, may address the necessary recommendations to the Member State concerned.’;

(b) the second subparagraph of paragraph 4 shall become paragraph 5 and the current paragraph 5 shall be renumbered 6;

(c) the following two new subparagraphs shall be inserted in paragraph 4:

‘Within the scope of this paragraph, the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.

A qualified majority of the other members of the Council shall be defined in accordance with Article 205(3)(a).’;

(d) in paragraph 5, renumbered 6, the words ‘The Council, acting in accordance with the procedure referred to in Article 252, may adopt detailed rules’ shall be replaced by the following: ‘The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, may adopt detailed rules’, the words ‘of this Article’ shall be deleted.

DIFFICULTIES IN THE SUPPLY OF CERTAIN PRODUCTS (ENERGY)

87) In Article 100, paragraph 1 shall be replaced by the following:

‘1. Without prejudice to any other procedures provided for in the Treaties, the Council, on a proposal from the Commission, may decide, in a spirit of solidarity between Member States, upon the measures appropriate to the economic situation, in particular if severe difficulties arise in the supply of certain products, notably in the area of energy.’.

OTHER PROVISIONS — ECONOMIC AND MONETARY POLICY

88) In Article 102, paragraph 2 shall be deleted and paragraph 1 shall not be numbered;

89) In Article 103, paragraph 2 shall be replaced by the following:

‘2. The Council, on a proposal from the Commission and after consulting the European Parliament, may, as required, specify definitions for the application of the prohibitions referred to in Articles 101 and 102 and in this Article.’.

EXCESSIVE DEFICIT PROCEDURE

90) Article 104 shall be amended as follows:

(a) paragraph 5 shall be replaced by the following:

‘5. If the Commission considers that an excessive deficit in a Member State exists or may occur, it shall address an opinion to the Member State concerned and shall inform the Council accordingly.’;

(b) in paragraph 6, the word ‘recommendation’ shall be replaced by ‘proposal’;

- (c) in paragraph 7, the first sentence shall be replaced by ‘Where the Council decides, in accordance with paragraph 6, that an excessive deficit exists, it shall adopt, without undue delay, on a recommendation from the Commission, recommendations addressed to the Member State concerned with a view to bringing that situation to an end within a given period.’;
- (d) in the introductory words of the first subparagraph of paragraph 11, there is a change to the French which does not affect the English version;
- (e) in paragraph 12, at the beginning of the first sentence, the words ‘its decisions’ shall be replaced by ‘its decisions or recommendations’;
- (f) paragraph 13 shall be replaced by the following:

‘13. When taking the decisions or recommendations referred to in paragraphs 8, 9, 11 and 12, the Council shall act on a recommendation from the Commission.

When the Council adopts the measures referred to in paragraphs 6 to 9, 11 and 12, it shall act without taking into account the vote of the member of the Council representing the Member State concerned.

A qualified majority of the other members of the Council shall be defined in accordance with Article 205(3)(a).’;

- (g) in paragraph 14, third subparagraph, the words ‘, before 1 January 1994’ shall be deleted.

MONETARY POLICY

91) Article 105 shall be amended as follows:

- (a) in the first sentence of paragraph 1, ‘ESCB’ shall be replaced by ‘European System of Central Banks, hereinafter referred to as “ESCB”’;
- (b) in the second indent of paragraph 2, the reference to Article 111 shall be replaced by a reference to Article 188 O;
- (c) The text of paragraph 6 shall be replaced by the following:

‘6. The Council, acting by means of regulations in accordance with a special legislative procedure, may unanimously, and after consulting the European Parliament and the European Central Bank, confer specific tasks upon the European Central Bank concerning policies relating to the prudential supervision of credit institutions and other financial institutions with the exception of insurance undertakings.’.

92) Article 106 shall be amended as follows:

- (a) in paragraph 1, first sentence, the word ‘euro’ shall be inserted before ‘banknotes’;

- (b) in paragraph 2, first sentence, the word 'euro' shall be inserted before 'coins'; at the beginning of the second sentence, the words 'The Council may, acting in accordance with the procedure referred to in Article 252 and after consulting the ECB' shall be replaced by: 'The Council, on a proposal from the Commission and after consulting the European Parliament and the European Central Bank, may'.

93) Article 107 shall be amended as follows:

- (a) paragraphs 1 and 2 shall be deleted and paragraphs 3, 4, 5 and 6 shall be renumbered 1, 2, 3 and 4 respectively;
- (b) in paragraph 4, renumbered 2, the words 'Statute of the ESCB' shall be replaced by the following: 'Statute of the European System of Central Banks and of the European Central Bank, hereinafter referred to as "Statute of the ESCB and of the ECB"';
- (c) paragraph 5, renumbered 3, shall be replaced by the following:

'3. Articles 5.1, 5.2, 5.3, 17, 18, 19.1, 22, 23, 24, 26, 32.2, 32.3, 32.4, 32.6, 33.1(a) and 36 of the Statute of the ESCB and of the ECB may be amended by the European Parliament and the Council, acting in accordance with the ordinary legislative procedure. They shall act either on a recommendation from the European Central Bank and after consulting the Commission or on a proposal from the Commission and after consulting the European Central Bank.'

94) In Article 109, the words ', at the latest at the date of the establishment of the ESCB,' shall be deleted.

95) In Article 110, the first four subparagraphs of paragraph 2 shall be deleted.

MEASURES RELATING TO USE OF THE EURO

96) In Article 111, paragraphs 1 to 3 and 5 shall become, respectively, paragraphs 1 to 4 of Article 188 O; they shall be amended as set out below in point 174. The text of paragraph 4 shall become paragraph 1 of Article 115 C; it shall be amended as set out below in point 100.

97) The following Article 111a shall be inserted:

Article 111a

Without prejudice to the powers of the European Central Bank, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall lay down the measures necessary for the use of the euro as the single currency. Such measures shall be adopted after consultation of the European Central Bank.'

INSTITUTIONAL PROVISIONS (EMU)

- 98) The text of Article 112 shall become Article 245b, and shall be amended as set out in point 228 below. The text of Article 113 shall become Article 245c.
- 99) Article 114 shall be amended as follows:
- (a) in paragraph 1, first subparagraph, the words 'a Monetary Committee with advisory status' shall be replaced by 'an Economic and Financial Committee';
 - (b) in paragraph 1, the second and third subparagraphs shall be deleted;
 - (c) in paragraph 2, the first subparagraph shall be deleted; in the third indent, the reference to paragraphs 2, 3, 4 and 5 of Article 99 shall be replaced by a reference to paragraphs 2, 3, 4 and 6 of Article 99, and the references to paragraph 2 of Article 122 and to paragraphs 4 and 5 of Article 123 shall be replaced by a reference to paragraphs 2 and 3 of Article 117a;
 - (d) in paragraph 4, the reference to Articles 122 and 123 shall be replaced by a reference to Article 116a.

PROVISIONS SPECIFIC TO MEMBER STATES WHOSE CURRENCY IS THE EURO

- 100) The following new Chapter 3a and new Articles 115 A, 115 B and 115 C shall be inserted:

'CHAPTER 3a

PROVISIONS SPECIFIC TO MEMBER STATES WHOSE CURRENCY IS THE EURO

Article 115 A

1. In order to ensure the proper functioning of economic and monetary union, and in accordance with the relevant provisions of the Treaties, the Council shall, in accordance with the relevant procedure from among those referred to in Articles 99 and 104, with the exception of the procedure set out in Article 104(14), adopt measures specific to those Member States whose currency is the euro:

- (a) to strengthen the coordination and surveillance of their budgetary discipline;
- (b) to set out economic policy guidelines for them, while ensuring that they are compatible with those adopted for the whole of the Union and are kept under surveillance.

2. For those measures set out in paragraph 1, only members of the Council representing Member States whose currency is the euro shall take part in the vote.

A qualified majority of the said members shall be defined in accordance with Article 205(3)(a).

Article 115 B

Arrangements for meetings between ministers of those Member States whose currency is the euro are laid down by the Protocol on the Euro Group.

Article 115 C

1. In order to secure the euro's place in the international monetary system, the Council, on a proposal from the Commission, shall adopt a decision establishing common positions on matters of particular interest for economic and monetary union within the competent international financial institutions and conferences. The Council shall act after consulting the European Central Bank.

2. The Council, on a proposal from the Commission, may adopt appropriate measures to ensure unified representation within the international financial institutions and conferences. The Council shall act after consulting the European Central Bank.

3. For the measures referred to in paragraphs 1 and 2, only members of the Council representing Member States whose currency is the euro shall take part in the vote.

A qualified majority of the said members shall be defined in accordance with Article 205(3)(a).'

TRANSITIONAL PROVISIONS RELATING TO MEMBER STATES WITH A DEROGATION

101) Article 116 shall be repealed, and the following Article 116a shall be inserted:

'Article 116a

1. Member States in respect of which the Council has not decided that they fulfil the necessary conditions for the adoption of the euro shall hereinafter be referred to as "Member States with a derogation".

2. The following provisions of the Treaties shall not apply to Member States with a derogation:

- (a) adoption of the parts of the broad economic policy guidelines which concern the euro area generally (Article 99(2));
- (b) coercive means of remedying excessive deficits (Article 104(9) and (11));
- (c) the objectives and tasks of the ESCB (Article 105(1), (2), (3) and (5));
- (d) issue of the euro (Article 106);
- (e) acts of the European Central Bank (Article 110);
- (f) measures governing the use of the euro (Article 111a);

- (g) monetary agreements and other measures relating to exchange-rate policy (Article 188 O);
- (h) appointment of members of the Executive Board of the European Central Bank (Article 245b(2));
- (i) decisions establishing common positions on issues of particular relevance for economic and monetary union within the competent international financial institutions and conferences (Article 115 C(1));
- (j) measures to ensure unified representation within the international financial institutions and conferences (Article 115 C(2)).

In the Articles referred to in points (a) to (j), "Member States" shall therefore mean Member States whose currency is the euro.

3. Under Chapter IX of the Statute of the ESCB and of the ECB, Member States with a derogation and their national central banks are excluded from rights and obligations within the SCB.

4. The voting rights of members of the Council representing Member States with a derogation shall be suspended for the adoption by the Council of the measures referred to in the Articles listed in paragraph 2, and in the following instances:

- (a) recommendations made to those Member States whose currency is the euro in the framework of multilateral surveillance, including on stability programmes and warnings (Article 99(4));
- (b) measures relating to excessive deficits concerning those Member States whose currency is the euro (Article 104(6), (7), (8), (12) and (13)).

A qualified majority of the other members of the Council shall be defined in accordance with Article 205(3)(a).'

102) Article 117 shall be repealed, with the exception of the first five indents of paragraph 2 thereof, which shall become the first five indents of paragraph 2 of Article 118a; they shall be amended as set out in point 103 below. A new Article 117a shall be inserted as follows:

- (a) paragraph 1 thereof shall take over the wording of Article 121(1), with the following amendments:
 - (i) throughout the paragraph, the words 'the EMI' shall be replaced by 'the European Central Bank';
 - (ii) at the beginning of the first subparagraph, the following shall be inserted: 'At least once every two years, or at the request of a Member State with a derogation,';

- (iii) in the first subparagraph, first sentence, the words 'the progress made in the fulfilment by the Member States of their obligations' shall be replaced by 'the progress made by the Member States with a derogation in fulfilling their obligations';
 - (iv) in the first subparagraph, second sentence, the words 'each Member State's national legislation' shall be replaced by 'the national legislation of each of these Member States' and the words 'of this Treaty' shall be deleted;
 - (v) in the third indent of the first subparagraph, the words 'against the currency of any other Member State' shall be replaced by 'against the euro';
 - (vi) in the fourth indent of the first subparagraph, the words 'the Member State' shall be replaced by 'the Member State with a derogation' and the words 'of the European Monetary System' shall be deleted;
 - (vii) in the second subparagraph, the words 'the development of the ecu' shall be deleted;
- (b) paragraph 2 thereof shall take over the wording of the second sentence of Article 122(2), with the following amendments:
- (i) at the end of the text, the words 'set out in Article 121(1)' shall be replaced by 'set out in paragraph 1';
 - (ii) the following new second and third subparagraphs shall be added:

'The Council shall act having received a recommendation of a qualified majority of those among its members representing Member States whose currency is the euro. These members shall act within six months of the Council receiving the Commission's proposal.

The qualified majority of the said members, as referred to in the second subparagraph, shall be defined in accordance with Article 205(3)(a).';
- (c) paragraph 3 thereof shall take over the wording of Article 123(5), with the following amendments:
- (i) at the beginning of the paragraph, the words 'If it is decided, according to the procedure set out in Article 122(2), to abrogate a derogation,' shall be replaced by 'If it is decided, in accordance with the procedure set out in paragraph 2, to abrogate a derogation,';
 - (ii) the words 'adopt the rate' shall be replaced by 'irrevocably fix the rate'.

- 103) Article 118 shall be repealed. A new Article 118a shall be inserted as follows:
- (a) paragraph 1 thereof shall take over the text of Article 123(3); the words 'of this Treaty' shall be deleted;
 - (b) paragraph 2 thereof shall take over the text of the first five indents of Article 117(2); the five indents shall be amended as set out below and shall be preceded by the following introductory words:

'If and as long as there are Member States with a derogation, the European Central Bank shall, as regards those Member States:'

 - (i) in the third indent, the words 'European Monetary System' shall be replaced by 'exchange-rate mechanism';
 - (ii) the fifth indent shall be replaced by the following:

'— carry out the former tasks of the European Monetary Cooperation Fund which had subsequently been taken over by the European Monetary Institute.'
- 104) An Article 118b shall be inserted, with the wording of Article 124(1); it shall be amended as follows:
- (a) the words 'Until the beginning of the third stage, each Member State shall treat' shall be replaced by 'Each Member State with a derogation shall treat';
 - (b) the words 'of the European Monetary System (EMS) and in developing the ecu, and shall respect existing powers in this field' shall be replaced by 'of the exchange-rate mechanism.'
- 105) Article 119 shall be amended as follows:
- (a) in paragraph 1, the words 'with a derogation' shall be inserted after 'Member State' in the first and second subparagraphs and the word 'progressive' in the first subparagraph shall be deleted;
 - (b) in paragraph 2(a), the words 'with a derogation' shall be inserted after 'Member States' and in paragraph 2(b), the words 'the State which is in difficulties' shall be replaced by 'the Member State with a derogation which is in difficulties,';
 - (c) in paragraph 3, the words 'the Commission shall authorise the State which is in difficulties' shall be replaced by 'the Commission shall authorise the Member State with a derogation, which is in difficulties,';
 - (d) paragraph 4 shall be deleted.

- 106) Article 120 shall be amended as follows:
- (a) in paragraph 1, the words ‘the Member State concerned’ shall be replaced by ‘a Member State with a derogation’;
 - (b) in paragraph 3, the words ‘an opinion’ shall be replaced by ‘a recommendation’ and the word ‘Member’ shall be inserted before ‘State’;
 - (c) paragraph 4 shall be deleted.
- 107) Article 121(1) shall become Article 117a(1); it shall be amended as set out above in point 102. The rest of Article 121 shall be repealed.
- 108) In Article 122(2), the second sentence shall become the first subparagraph of Article 117a(2); it shall be amended as set out above in point 102. The rest of Article 122 shall be repealed.
- 109) Article 123(3) shall become Article 118a(1) and Article 123(5) shall become Article 117a(3); they shall be amended as set out above in points 103 and 102 respectively. The rest of Article 123 shall be repealed.
- 110) Article 124(1) shall become the new Article 118b; it shall be amended as set out above in point 104. The rest of Article 124 shall be repealed.

EMPLOYMENT

- 111) In Article 125, the words ‘and in Article 2 of this Treaty’ shall be deleted.

TITLES WHICH ARE TO BE MOVED

- 112) Title IX ‘COMMON COMMERCIAL POLICY’ shall become Title II in Part Five on the Union’s external action and Articles 131 and 133 shall become Articles 188 B and 188 C respectively. Article 131 shall be amended as set out below in point 157 and Article 133 shall be replaced by Article 188 C.

Articles 132 and 134 shall be repealed.

- 113) Title X ‘CUSTOMS COOPERATION’ shall become Chapter 1a in Title Ia, ‘Free movement of goods’ and Article 135 shall become Article 27a, as set out above in point 45.

SOCIAL POLICY

- 114) The heading of Title XI ‘SOCIAL POLICY, EDUCATION, VOCATIONAL TRAINING AND YOUTH’ shall be replaced by the heading ‘SOCIAL POLICY’, renumbered IX; the heading ‘Chapter 1 — Social provisions’ shall be deleted.

115) The following new Article 136a shall be inserted:

Article 136a

The Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy.

The Tripartite Social Summit for Growth and Employment shall contribute to social dialogue.’.

116) Article 137 shall be amended as follows:

- (a) in paragraph 2, in the introductory words of the first subparagraph, the words ‘the Council:’ shall be replaced by ‘the European Parliament and the Council:’ and the first sentence of the second subparagraph shall be split into two subparagraphs which shall read as follows:

‘The European Parliament and the Council shall act in accordance with the ordinary legislative procedure after consulting the Economic and Social Committee and the Committee of the Regions.

In the fields referred to in paragraph 1(c), (d), (f) and (g), the Council shall act unanimously, in accordance with a special legislative procedure, after consulting the European Parliament and the said Committees.’.

The second sentence of the second subparagraph shall become the last subparagraph, and the words ‘of this Article’ shall be deleted;

- (b) in paragraph 3, at the end of the first subparagraph, the following words shall be added ‘or, where appropriate, with the implementation of a Council decision adopted in accordance with Article 139’; in the second subparagraph, the words ‘a directive must be transposed in accordance with Article 249’ shall be replaced by ‘a directive or a decision must be transposed or implemented,’ and the words ‘or that decision’ shall be added at the end of the subparagraph.

117) In Article 138(4), first sentence, the words ‘On the occasion of such consultation,’ shall be replaced by ‘On the occasion of the consultation referred to in paragraphs 2 and 3,’ and, in the second sentence, the words ‘the procedure’ shall be replaced by ‘this process’.

118) Article 139(2) shall be amended as follows:

- (a) at the end of the first subparagraph, the following sentence shall be added: ‘The European Parliament shall be informed.’;
- (b) in the second subparagraph, at the beginning of the first sentence, ‘The Council shall act by qualified majority, except where the agreement’ shall be replaced by ‘The Council shall act unanimously where the agreement’ and the second sentence shall be deleted.

- 119) In Article 140, the following words shall be added at the end of the second subparagraph: ‘, in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation. The European Parliament shall be kept fully informed.’.
- 120) In Article 143, the second paragraph shall be deleted.

EUROPEAN SOCIAL FUND

- 121) Chapter 2 shall be renumbered TITLE X.
- 122) In Article 148, the words ‘implementing decisions’ shall be replaced by ‘implementing regulations’.

EDUCATION, VOCATIONAL TRAINING, YOUTH AND SPORT

- 123) Chapter 3 shall be renumbered TITLE XI and the words ‘AND YOUTH’ at the end of the heading shall be replaced by ‘, YOUTH AND SPORT’.
- 124) Article 149 shall be amended as follows:
- (a) in paragraph 1, the following subparagraph shall be inserted:

‘The Union shall contribute to the promotion of European sporting issues, while taking account of the specific nature of sport, its structures based on voluntary activity and its social and educational function.’;
 - (b) in paragraph 2, fifth indent, the words ‘and encouraging the participation of young people in democratic life in Europe,’ shall be added at the end; the following shall be inserted as the last indent:

‘— developing the European dimension in sport, by promoting fairness and openness in sporting competitions and cooperation between bodies responsible for sports, and by protecting the physical and moral integrity of sportsmen and sportswomen, especially the youngest sportsmen and sportswomen.’;
 - (c) in paragraph 3, the words ‘and sport’ shall be added after ‘in the field of education’;
 - (d) in paragraph 4, the words ‘the Council’ shall be deleted from the introductory phrase and the first indent shall begin with the words ‘the European Parliament and the Council, acting’; the second indent shall begin with the words ‘the Council, on a proposal’.
- 125) In Article 150(4), the following words shall be added at the end: ‘, and the Council, on a proposal from the Commission, shall adopt recommendations’.

CULTURE

126) Article 151(5) shall be amended as follows:

- (a) in the introductory phrase, the words 'the Council' shall be deleted;
- (b) in the first indent, the first sentence shall begin with the words 'the European Parliament and the Council, acting', and the second sentence shall be deleted;
- (c) in the second indent, the words 'acting unanimously' shall be deleted and the indent shall begin with the words 'the Council, on a proposal'.

PUBLIC HEALTH

127) Article 152 shall be amended as follows:

- (a) in paragraph 1, second subparagraph, the word 'human' shall be replaced by 'physical and mental' and, at the end of that subparagraph, the following shall be added: ', and monitoring, early warning of and combating serious cross-border threats to health';
- (b) in paragraph 2, at the end of the first subparagraph, the following sentence shall be added: 'It shall in particular encourage cooperation between the Member States to improve the complementarity of their health services in cross-border areas.';
- (c) In paragraph 2, the following shall be added at the end of the second subparagraph: ', in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation. The European Parliament shall be kept fully informed.';
- (d) paragraph 4 shall be amended as follows:
 - (i) in the introductory wording to the first subparagraph, the following words shall be inserted at the beginning: 'By way of derogation from Article 2 A(5) and Article 2 E(a) and in accordance with Article 2 C(2)(k)' and the following shall be added at the end: 'in order to meet common safety concerns:';
 - (ii) in point (b), the words 'by way of derogation from Article 37,' shall be deleted;
 - (iii) the following new point (c) shall be inserted:
 - '(c) measures setting high standards of quality and safety for medicinal products and devices for medical use.';

- (iv) the current point (c) shall be renumbered paragraph 5 and replaced by the following:

‘5. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions, may also adopt incentive measures designed to protect and improve human health and in particular to combat the major cross-border health scourges, measures concerning monitoring, early warning of and combating serious cross-border threats to health, and measures which have as their direct objective the protection of public health regarding tobacco and the abuse of alcohol, excluding any harmonisation of the laws and regulations of the Member States.’;

- (e) the second subparagraph of the current paragraph 4 shall become paragraph 6 and paragraph 5, renumbered 7, shall be replaced by the following:

‘7. Union action shall respect the responsibilities of the Member States for the definition of their health policy and for the organisation and delivery of health services and medical care. The responsibilities of the Member States shall include the management of health services and medical care and the allocation of the resources assigned to them. The measures referred to in paragraph 4(a) shall not affect national provisions on the donation or medical use of organs and blood.’.

CONSUMER PROTECTION

- 128) Article 153(2) shall become Article 6a and paragraphs 3, 4 and 5 shall be renumbered 2, 3 and 4 respectively.

INDUSTRY

- 129) Article 157 shall be amended as follows:

- (a) at the end of paragraph 2, the following shall be added: ‘, in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation. The European Parliament shall be kept fully informed.’;
- (b) in paragraph 3, first subparagraph, the following phrase shall be added at the end of the second sentence: ‘, excluding any harmonisation of the laws and regulations of the Member States’.

ECONOMIC, SOCIAL AND TERRITORIAL COHESION

- 130) The heading of Title XVII shall be replaced by: ‘ECONOMIC, SOCIAL AND TERRITORIAL COHESION’.

- 131) Article 158 shall be amended as follows:
- (a) in the first paragraph, the words ‘economic and social cohesion’ shall be replaced by ‘economic, social and territorial cohesion’;
 - (b) in the second paragraph, the words ‘or islands, including rural areas’ shall be deleted;
 - (c) the following new paragraph shall be added:
‘Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.’.
- 132) In Article 159, second paragraph, the words ‘economic and social’ shall be replaced by ‘economic, social and territorial’.
- 133) Article 161 shall be amended as follows:
- (a) at the beginning of the first paragraph, first sentence, the words ‘Without prejudice to Article 162, the Council, acting unanimously on a proposal from the Commission and after obtaining the assent of the European Parliament’ shall be replaced by ‘Without prejudice to Article 162, the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure’. In the second sentence the words ‘The Council, acting by the same procedure, shall also define’ shall be deleted at the beginning and the words ‘shall also be defined by the same procedure’ added at the end;
 - (b) in the second paragraph the words ‘by the Council’ shall be deleted;
 - (c) the third paragraph shall be deleted.
- 134) In Article 162, first paragraph, the words ‘implementing decisions’ shall be replaced by ‘implementing regulations’.

RESEARCH AND TECHNOLOGICAL DEVELOPMENT

135) The words ‘AND SPACE’ shall be added to the heading of Title XVIII.

136) Article 163 shall be amended as follows:

- (a) paragraph 1 shall be replaced by the following:

‘1. The Union shall have the objective of strengthening its scientific and technological bases by achieving a European research area in which researchers, scientific knowledge and technology circulate freely, and encouraging it to become more competitive, including in its industry, while promoting all the research activities deemed necessary by virtue of other Chapters of the Treaties.’;

(b) in paragraph 2, the words ‘enabling undertakings to exploit the internal market potential to the full,’ shall be replaced by ‘permitting researchers to cooperate freely across borders and at enabling undertakings to exploit the internal market potential to the full,’.

137) The following shall be added at the end of Article 165(2): ‘, in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation. The European Parliament shall be kept fully informed.’.

138) Article 166 shall be amended as follows:

(a) in paragraph 4, the words ‘The Council, acting by a qualified majority on a proposal from the Commission’ shall be replaced by ‘The Council, acting in accordance with a special legislative procedure’;

(b) the following new paragraph 5 shall be added:

‘5. As a complement to the activities planned in the multiannual framework programme, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall establish the measures necessary for the implementation of the European research area.’.

139) In Article 167, the words ‘the Council’ shall be replaced by ‘the Union’.

140) In Article 168, second paragraph, the words ‘the Council’ shall be replaced by ‘the Union’.

141) In the second paragraph of Article 170, the words ‘, which shall be negotiated and concluded in accordance with Article 300’ shall be deleted.

SPACE

142) The following new Article 172a shall be inserted:

‘Article 172a

1. To promote scientific and technical progress, industrial competitiveness and the implementation of its policies, the Union shall draw up a European space policy. To this end, it may promote joint initiatives, support research and technological development and coordinate the efforts needed for the exploration and exploitation of space.

2. To contribute to attaining the objectives referred to in paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the necessary measures, which may take the form of a European space programme, excluding any harmonisation of the laws and regulations of the Member States.

3. The Union shall establish any appropriate relations with the European Space Agency.
4. This Article shall be without prejudice to the other provisions of this Title.’.

ENVIRONMENT (CLIMATE CHANGE)

143) Article 174 shall be amended as follows:

- (a) in paragraph 1, the fourth indent shall be replaced by the following:

‘— promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.’;
- (b) in paragraph 2, second subparagraph, the words ‘Community inspection procedure’ shall be replaced by ‘a procedure of inspection by the Union’;
- (c) in paragraph 4, first subparagraph, the last phrase ‘, which shall be negotiated and concluded in accordance with Article 300’ shall be deleted.

144) Article 175 shall be amended as follows:

- (a) in paragraph 2, the second subparagraph shall be replaced by the following:

‘The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, the Economic and Social Committee and the Committee of the Regions, may make the ordinary legislative procedure applicable to the matters referred to in the first subparagraph.’;
- (b) in the first subparagraph of paragraph 3, the words ‘In other areas,’ shall be deleted and the second subparagraph shall be replaced by the following:

‘The measures necessary for the implementation of these programmes shall be adopted under the terms of paragraph 1 or 2, as the case may be.’;
- (c) in paragraph 4, the words ‘certain measures of a Community nature,’ shall be replaced by ‘certain measures adopted by the Union’;
- (d) in paragraph 5, the words ‘the Council shall, in the act adopting that measure, lay down’ shall be replaced by ‘such measure shall lay down’.

TITLES WHICH ARE TO BE MOVED

145) Title XX ‘DEVELOPMENT COOPERATION’ shall become Chapter I of Title III of Part Five on the Union’s external action, and Articles 177, 179, 180 and 181 shall become Articles 188 D to 188 G respectively; those articles shall be amended as set out below in points 161 to 164. Article 178 shall be repealed.

- 146) Title XXI 'ECONOMIC, FINANCIAL AND TECHNICAL COOPERATION WITH THIRD COUNTRIES' shall become Chapter 2 of Title III of Part Five on the Union's external action and Article 181a shall become the new Article 188 H; that Article shall be amended as set out below in point 166.

ENERGY

- 147) Title XX shall be replaced by the following new Title and new Article 176 A:

'TITLE XX

ENERGY

Article 176 A

1. In the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment, Union policy on energy shall aim, in a spirit of solidarity between Member States, to:

- (a) ensure the functioning of the energy market;
- (b) ensure security of energy supply in the Union; and
- (c) promote energy efficiency and energy saving and the development of new and renewable forms of energy; and
- (d) promote the interconnection of energy networks.

2. Without prejudice to the application of other provisions of the Treaties, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures necessary to achieve the objectives in paragraph 1. Such measures shall be adopted after consultation of the Economic and Social Committee and the Committee of the Regions.

Such measures shall not affect a Member State's right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply, without prejudice to Article 175(2)(c).

3. By way of derogation from paragraph 2, the Council, acting in accordance with a special legislative procedure, shall unanimously and after consulting the European Parliament, establish the measures referred to therein when they are primarily of a fiscal nature.'

TOURISM

148) Title XXI shall be replaced by the following new Title and new Article 176 B:

‘TITLE XXI

TOURISM

Article 176 B

1. The Union shall complement the action of the Member States in the tourism sector, in particular by promoting the competitiveness of Union undertakings in that sector.

To that end, Union action shall be aimed at:

- (a) encouraging the creation of a favourable environment for the development of undertakings in this sector;
- (b) promoting cooperation between the Member States, particularly by the exchange of good practice.

2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish specific measures to complement actions within the Member States to achieve the objectives referred to in this Article, excluding any harmonisation of the laws and regulations of the Member States.’

CIVIL PROTECTION

149) The following new Title XXII and new Article 176 C shall be inserted:

‘TITLE XXII

CIVIL PROTECTION

Article 176 C

1. The Union shall encourage cooperation between Member States in order to improve the effectiveness of systems for preventing and protecting against natural or man-made disasters.

Union action shall aim to:

- (a) support and complement Member States’ action at national, regional and local level in risk prevention, in preparing their civil-protection personnel and in responding to natural or man-made disasters within the Union;
- (b) promote swift, effective operational cooperation within the Union between national civil-protection services;

(c) promote consistency in international civil-protection work.

2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures necessary to help achieve the objectives referred to in paragraph 1, excluding any harmonisation of the laws and regulations of the Member States.’

ADMINISTRATIVE COOPERATION

150) The following new Title XXIII and new Article 176 D shall be inserted:

‘TITLE XXIII

ADMINISTRATIVE COOPERATION

Article 176 D

1. Effective implementation of Union law by the Member States, which is essential for the proper functioning of the Union, shall be regarded as a matter of common interest.

2. The Union may support the efforts of Member States to improve their administrative capacity to implement Union law. Such action may include facilitating the exchange of information and of civil servants as well as supporting training schemes. No Member State shall be obliged to avail itself of such support. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall establish the necessary measures to this end, excluding any harmonisation of the laws and regulations of the Member States.

3. This Article shall be without prejudice to the obligations of the Member States to implement Union law or to the prerogatives and duties of the Commission. It shall also be without prejudice to other provisions of the Treaties providing for administrative cooperation among the Member States and between them and the Union.’

ASSOCIATION OF THE OVERSEAS COUNTRIES AND TERRITORIES

151) At the end of Article 182, first paragraph, the words ‘to this Treaty’ shall be deleted.

152) At the end of Article 186, the words ‘shall be governed by agreements to be concluded subsequently with the unanimous approval of Member States’ shall be replaced by ‘shall be regulated by acts adopted in accordance with Article 187’.

153) In Article 187, the words ‘acting unanimously’ shall be replaced by ‘acting unanimously on a proposal from the Commission’ and the following sentence shall be added at the end of the Article: ‘Where the provisions in question are adopted by the Council in accordance with a special legislative procedure, it shall act unanimously on a proposal from the Commission and after consulting the European Parliament.’

EXTERNAL ACTION BY THE UNION

154) A new Part Five shall be inserted. Its heading shall be 'EXTERNAL ACTION BY THE UNION' and it shall contain the following Titles and Chapters:

Title I: General provisions on the Union's external action

Title II: Common commercial policy

Title III: Cooperation with third countries and humanitarian aid

Chapter 1: Development cooperation

Chapter 2: Economic, financial and technical cooperation with third countries

Chapter 3: Humanitarian aid

Title IV: Restrictive measures

Title V: International agreements

Title VI: The Union's relations with international organisations and third countries and Union delegations

Title VII: Solidarity clause.

GENERAL PROVISIONS

155) The following new Title I and new Article 188 A shall be inserted:

'TITLE I

GENERAL PROVISIONS ON THE UNION'S EXTERNAL ACTION

Article 188 A

The Union's action on the international scene, pursuant to this Part, shall be guided by the principles, pursue the objectives and be conducted in accordance with the general provisions laid down in Chapter 1 of Title V of the Treaty on European Union.'

COMMON COMMERCIAL POLICY

156) A Title II 'COMMON COMMERCIAL POLICY' shall be inserted, taking over the heading of Title IX of Part 3.

157) An Article 188 B shall be inserted, with the wording of Article 131; it shall be amended as follows:

(a) the first paragraph shall be replaced by the following:

‘By establishing a customs union in accordance with Articles 23 to 27, the Union shall contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and on foreign direct investment, and the lowering of customs and other barriers.’;

(b) the second paragraph shall be deleted.

158) An Article 188 C shall be inserted, replacing Article 133:

‘Article 188 C

1. The common commercial policy shall be based on uniform principles, particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements relating to trade in goods and services, and the commercial aspects of intellectual property, foreign direct investment, the achievement of uniformity in measures of liberalisation, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies. The common commercial policy shall be conducted in the context of the principles and objectives of the Union’s external action.

2. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall adopt the measures defining the framework for implementing the common commercial policy.

3. Where agreements with one or more third countries or international organisations need to be negotiated and concluded, Article 188 N shall apply, subject to the special provisions of this Article.

The Commission shall make recommendations to the Council, which shall authorise it to open the necessary negotiations. The Council and the Commission shall be responsible for ensuring that the agreements negotiated are compatible with internal Union policies and rules.

The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task and within the framework of such directives as the Council may issue to it. The Commission shall report regularly to the special committee and to the European Parliament on the progress of negotiations.

4. For the negotiation and conclusion of the agreements referred to in paragraph 3, the Council shall act by a qualified majority.

For the negotiation and conclusion of agreements in the fields of trade in services and the commercial aspects of intellectual property, as well as foreign direct investment, the Council shall act unanimously where such agreements include provisions for which unanimity is required for the adoption of internal rules.

The Council shall also act unanimously for the negotiation and conclusion of agreements:

- (a) in the field of trade in cultural and audiovisual services, where these agreements risk prejudicing the Union's cultural and linguistic diversity;
- (b) in the field of trade in social, education and health services, where these agreements risk seriously disturbing the national organisation of such services and prejudicing the responsibility of Member States to deliver them.

5. The negotiation and conclusion of international agreements in the field of transport shall be subject to Title V of Part Three and to Article 188 N.

6. The exercise of the competences conferred by this Article in the field of the common commercial policy shall not affect the delimitation of competences between the Union and the Member States, and shall not lead to harmonisation of legislative or regulatory provisions of the Member States insofar as the Treaties exclude such harmonisation.'

DEVELOPMENT COOPERATION

159) A Title III 'COOPERATION WITH THIRD COUNTRIES AND HUMANITARIAN AID' shall be inserted.

160) A Chapter 1 'DEVELOPMENT COOPERATION' shall be inserted, taking over the heading of Title XX of Part 3.

161) An Article 188 D shall be inserted, with the wording of Article 177; it shall be amended as follows:

- (a) paragraphs 1 and 2 shall be replaced by the following:

'1. Union policy in the field of development cooperation shall be conducted within the framework of the principles and objectives of the Union's external action. The Union's development cooperation policy and that of the Member States complement and reinforce each other.

Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.;

- (b) paragraph 3 shall be renumbered '2'.

- 162) An Article 188 E shall be inserted, with the wording of Article 179; it shall be amended as follows:
- (a) paragraph 1 shall be replaced by the following:
- ‘1. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt the measures necessary for the implementation of development cooperation policy, which may relate to multiannual cooperation programmes with developing countries or programmes with a thematic approach.’;
- (b) the following new paragraph 2 shall be inserted:
- ‘2. The Union may conclude with third countries and competent international organisations any agreement helping to achieve the objectives referred to in Article 10 A of the Treaty on European Union and in Article 188 D of this Treaty.
- The first subparagraph shall be without prejudice to Member States’ competence to negotiate in international bodies and to conclude agreements.’;
- (c) the current paragraph 2 shall be renumbered ‘3’ and the current paragraph 3 shall be deleted.
- 163) An Article 188 F shall be inserted, with the wording of Article 180; it shall be amended as follows:
- At the beginning of paragraph 1, the following words shall be inserted: ‘In order to promote the complementarity and efficiency of their action,’.
- 164) An Article 188 G shall be inserted, with the wording of Article 181; the second sentence of the first paragraph and the second paragraph shall be deleted.

ECONOMIC, FINANCIAL AND TECHNICAL COOPERATION WITH THIRD COUNTRIES

- 165) A Chapter 2 ‘ECONOMIC, FINANCIAL AND TECHNICAL COOPERATION WITH THIRD COUNTRIES’ shall be inserted, taking over the heading of Title XXI of Part 3.
- 166) An Article 188 H shall be inserted, with the wording of Article 181a; it shall be amended as follows:
- (a) paragraph 1 shall be replaced by the following:
- ‘1. Without prejudice to the other provisions of the Treaties, and in particular Articles 188 D to 188 G, the Union shall carry out economic, financial and technical cooperation measures, including assistance, in particular financial assistance, with third countries other than developing countries. Such measures shall be consistent with the development policy of the Union and shall be carried out within the framework of the principles and objectives of its external action. The Union’s operations and those of the Member States shall complement and reinforce each other.’;

(b) paragraph 2 shall be replaced by the following:

‘2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt the measures necessary for the implementation of paragraph 1.’;

(c) at the end of the second sentence of the first subparagraph of paragraph 3, the words ‘, which shall be negotiated and concluded in accordance with Article 300’ shall be deleted.

167) The following new Article 188 I shall be inserted:

Article 188 I

When the situation in a third country requires urgent financial assistance from the Union, the Council shall adopt the necessary decisions on a proposal from the Commission.’.

HUMANITARIAN AID

168) The following new Chapter 3 and new Article 188 J shall be inserted:

‘CHAPTER 3

HUMANITARIAN AID

Article 188 J

1. The Union’s operations in the field of humanitarian aid shall be conducted within the framework of the principles and objectives of the external action of the Union. Such operations shall be intended to provide ad hoc assistance and relief and protection for people in third countries who are victims of natural or man-made disasters, in order to meet the humanitarian needs resulting from these different situations. The Union’s measures and those of the Member States shall complement and reinforce each other.

2. Humanitarian aid operations shall be conducted in compliance with the principles of international law and with the principles of impartiality, neutrality and non-discrimination.

3. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures defining the framework within which the Union’s humanitarian aid operations shall be implemented.

4. The Union may conclude with third countries and competent international organisations any agreement helping to achieve the objectives referred to in paragraph 1 and in Article 10 A of the Treaty on European Union.

The first subparagraph shall be without prejudice to Member States’ competence to negotiate in international bodies and to conclude agreements.

5. In order to establish a framework for joint contributions from young Europeans to the humanitarian aid operations of the Union, a European Voluntary Humanitarian Aid Corps shall be set up. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall determine the rules and procedures for the operation of the Corps.

6. The Commission may take any useful initiative to promote coordination between actions of the Union and those of the Member States, in order to enhance the efficiency and complementarity of Union and national humanitarian aid measures.

7. The Union shall ensure that its humanitarian aid operations are coordinated and consistent with those of international organisations and bodies, in particular those forming part of the United Nations system.’.

RESTRICTIVE MEASURES

169) The following Title IV and Article 188 K shall be inserted, replacing Article 301:

‘TITLE IV

RESTRICTIVE MEASURES

Article 188 K

1. Where a decision, adopted in accordance with Chapter 2 of Title V of the Treaty on European Union, provides for the interruption or reduction, in part or completely, of economic and financial relations with one or more third countries, the Council, acting by a qualified majority on a joint proposal from the High Representative of the Union for Foreign Affairs and Security Policy and the Commission, shall adopt the necessary measures. It shall inform the European Parliament thereof.

2. Where a decision adopted in accordance with Chapter 2 of Title V of the Treaty on European Union so provides, the Council may adopt restrictive measures under the procedure referred to in paragraph 1 against natural or legal persons and groups or non-State entities.

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

INTERNATIONAL AGREEMENTS

170) A Title V ‘INTERNATIONAL AGREEMENTS’ shall be inserted after Article 188 K.

171) The following Article 188 L shall be inserted:

‘Article 188 L

1. The Union may conclude an agreement with one or more third countries or international organisations where the Treaties so provide or where the conclusion of an agreement is necessary in order to achieve, within the framework of the Union’s policies, one

of the objectives referred to in the Treaties, or is provided for in a legally binding Union act or is likely to affect common rules or alter their scope.

2. Agreements concluded by the Union are binding upon the institutions of the Union and on its Member States.’

172) An Article 188 M shall be inserted, with the wording of Article 310. The word ‘States’ shall be replaced by ‘third countries’.

173) An Article 188 N shall be inserted, replacing Article 300:

‘Article 188 N

1. Without prejudice to the specific provisions laid down in Article 188 C, agreements between the Union and third countries or international organisations shall be negotiated and concluded in accordance with the following procedure.

2. The Council shall authorise the opening of negotiations, adopt negotiating directives, authorise the signing of agreements and conclude them.

3. The Commission, or the High Representative of the Union for Foreign Affairs and Security Policy where the agreement envisaged relates exclusively or principally to the common foreign and security policy, shall submit recommendations to the Council, which shall adopt a decision authorising the opening of negotiations and, depending on the subject of the agreement envisaged, nominating the Union negotiator or the head of the Union’s negotiating team.

4. The Council may address directives to the negotiator and designate a special committee in consultation with which the negotiations must be conducted.

5. The Council, on a proposal by the negotiator, shall adopt a decision authorising the signing of the agreement and, if necessary, its provisional application before entry into force.

6. The Council, on a proposal by the negotiator, shall adopt a decision concluding the agreement.

Except where agreements relate exclusively to the common foreign and security policy, the Council shall adopt the decision concluding the agreement:

(a) after obtaining the consent of the European Parliament in the following cases:

(i) association agreements;

(ii) agreement on Union accession to the European Convention for the Protection of Human Rights and Fundamental Freedoms;

(iii) agreements establishing a specific institutional framework by organising cooperation procedures;

- (iv) agreements with important budgetary implications for the Union;
- (v) agreements covering fields to which either the ordinary legislative procedure applies, or the special legislative procedure where consent by the European Parliament is required.

The European Parliament and the Council may, in an urgent situation, agree upon a time-limit for consent.

- (b) after consulting the European Parliament in other cases. The European Parliament shall deliver its opinion within a time-limit which the Council may set depending on the urgency of the matter. In the absence of an opinion within that time-limit, the Council may act.

7. When concluding an agreement, the Council may, by way of derogation from paragraphs 5, 6 and 9, authorise the negotiator to approve on the Union's behalf modifications to the agreement where it provides for them to be adopted by a simplified procedure or by a body set up by the agreement. The Council may attach specific conditions to such authorisation.

8. The Council shall act by a qualified majority throughout the procedure.

However, it shall act unanimously when the agreement covers a field for which unanimity is required for the adoption of a Union act as well as for association agreements and the agreements referred to in Article 188 H with the States which are candidates for accession. The Council shall also act unanimously for the agreement on accession of the Union to the European Convention for the Protection of Human Rights and Fundamental Freedoms; the decision concluding this agreement shall enter into force after it has been approved by the Member States in accordance with their respective constitutional requirements.

9. The Council, on a proposal from the Commission or the High Representative of the Union for Foreign Affairs and Security Policy, shall adopt a decision suspending application of an agreement and establishing the positions to be adopted on the Union's behalf in a body set up by an agreement, when that body is called upon to adopt acts having legal effects, with the exception of acts supplementing or amending the institutional framework of the agreement.

10. The European Parliament shall be immediately and fully informed at all stages of the procedure.

11. A Member State, the European Parliament, the Council or the Commission may obtain the opinion of the Court of Justice as to whether an agreement envisaged is compatible with the Treaties. Where the opinion of the Court is adverse, the agreement envisaged may not enter into force unless it is amended or the Treaties are revised.'

174) An Article 188 O shall be inserted, with the wording of paragraphs 1 to 3 and 5 of Article 111 and paragraph 1 shall be split into two subparagraphs, the last two sentences becoming the second subparagraph; the Article shall be amended as follows:

(a) paragraph 1, first subparagraph, shall be replaced by the following:

‘1. By way of derogation from Article 188 N(1), the Council, either on a recommendation from the European Central Bank or on a recommendation from the Commission and after consulting the European Central Bank, in an endeavour to reach a consensus consistent with the objective of price stability, may conclude formal agreements on an exchange-rate system for the euro in relation to the currencies of third States. The Council shall act unanimously after consulting the European Parliament and in accordance with the procedure provided for in paragraph 3.’

In the second subparagraph, the words ‘on a recommendation from the ECB or from the Commission and after consulting the ECB in an endeavour to’ shall be replaced by the following: ‘either on a recommendation from the European Central Bank or on a recommendation from the Commission, and after consulting the European Central Bank, in an endeavour to’;

(b) in paragraph 2, the words ‘non-Community currencies’ shall be replaced by ‘currencies of third States’;

(c) in paragraph 3, in the first sentence of the first subparagraph, the reference to Article 300 shall be replaced by a reference to Article 188 N and the word ‘States’ shall be replaced by ‘third States’, and the second subparagraph shall be deleted;

(d) paragraph 5 shall be renumbered ‘4’.

THE UNION’S RELATIONS WITH INTERNATIONAL ORGANISATIONS AND THIRD COUNTRIES AND UNION DELEGATIONS

175) The following Title VI and Articles 188 P and 188 Q shall be inserted, with Article 188 P replacing Articles 302 to 304:

‘TITLE VI

THE UNION’S RELATIONS WITH INTERNATIONAL ORGANISATIONS AND THIRD COUNTRIES AND UNION DELEGATIONS

Article 188 P

1. The Union shall establish all appropriate forms of cooperation with the organs of the United Nations and its specialised agencies, the Council of Europe, the Organisation for Security and Cooperation in Europe and the Organisation for Economic Cooperation and Development.

The Union shall also maintain such relations as are appropriate with other international organisations.

2. The High Representative of the Union for Foreign Affairs and Security Policy and the Commission shall be instructed to implement this Article.

Article 188 Q

1. Union delegations in third countries and at international organisations shall represent the Union.
2. Union delegations shall be placed under the authority of the High Representative of the Union for Foreign Affairs and Security Policy. They shall act in close cooperation with Member States' diplomatic and consular missions.'

SOLIDARITY CLAUSE

176) The following new Title VII and new Article 188 R shall be inserted:

'TITLE VII

SOLIDARITY CLAUSE

Article 188 R

1. The Union and its Member States shall act jointly in a spirit of solidarity if a Member State is the object of a terrorist attack or the victim of a natural or man-made disaster. The Union shall mobilise all the instruments at its disposal, including the military resources made available by the Member States, to:
 - (a) — prevent the terrorist threat in the territory of the Member States;
— protect democratic institutions and the civilian population from any terrorist attack;
— assist a Member State in its territory, at the request of its political authorities, in the event of a terrorist attack;
 - (b) assist a Member State in its territory, at the request of its political authorities, in the event of a natural or man-made disaster.
2. Should a Member State be the object of a terrorist attack or the victim of a natural or man-made disaster, the other Member States shall assist it at the request of its political authorities. To that end, the Member States shall coordinate between themselves in the Council.
3. The arrangements for the implementation by the Union of the solidarity clause shall be defined by a decision adopted by the Council acting on a joint proposal by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy. The Council shall act in accordance with Article 15b(1) of the Treaty on European Union where this decision has defence implications. The European Parliament shall be informed.

For the purposes of this paragraph and without prejudice to Article 207, the Council shall be assisted by the Political and Security Committee with the support of the structures developed in the context of the common security and defence policy and by the Committee referred to in Article 61 D; the two committees shall, if necessary, submit joint opinions.

4. The European Council shall regularly assess the threats facing the Union in order to enable the Union and its Member States to take effective action.’

INSTITUTIONAL AND FINANCIAL PROVISIONS

177) Part Five shall be renumbered ‘PART SIX’ and its heading shall be replaced by ‘INSTITUTIONAL AND FINANCIAL PROVISIONS’.

EUROPEAN PARLIAMENT

178) Article 189 shall be repealed.

179) Article 190 shall be amended as follows:

(a) paragraphs 1, 2 and 3 shall be deleted and paragraphs 4 and 5 shall be renumbered 1 and 2 respectively;

(b) paragraph 4, renumbered 1, shall be amended as follows:

(i) in the first subparagraph, the words ‘for elections by direct universal suffrage’ shall be replaced by the following: ‘to lay down the provisions necessary for the election of its members by direct universal suffrage’;

(ii) the second subparagraph shall be replaced by the following:

‘The Council, acting unanimously in accordance with a special legislative procedure and after obtaining the consent of the European Parliament, which shall act by a majority of its component members, shall lay down the necessary provisions. These provisions shall enter into force following their approval by the Member States in accordance with their respective constitutional requirements.’;

(c) in paragraph 5, renumbered 2, the words ‘, acting by means of regulations on its own initiative in accordance with a special legislative procedure’ shall be inserted after ‘The European Parliament’.

180) In Article 191, the first paragraph shall be deleted. In the second paragraph, the words ‘, by means of regulations,’ shall be inserted before ‘shall lay down’ and the words ‘referred to in Article 8 A(4) of the Treaty on European Union’ shall be inserted after ‘at European level’.

181) In Article 192, the first paragraph shall be deleted; in the second paragraph, the words ‘of its Members’ shall be replaced by ‘of its component members’ and the following sentence shall be added at the end of the paragraph: ‘If the Commission does not submit a proposal, it shall inform the European Parliament of the reasons.’

182) Article 193 shall be amended as follows:

- (a) in the first paragraph, the words 'of its Members' shall be replaced by 'of its component Members';
- (b) the third paragraph shall be replaced by the following:

'The detailed provisions governing the exercise of the right of inquiry shall be determined by the European Parliament, acting by means of regulations on its own initiative in accordance with a special legislative procedure, after obtaining the consent of the Council and the Commission.'

183) Article 195 shall be amended as follows:

- (a) in the first subparagraph of paragraph 1, the words at the beginning 'The European Parliament shall appoint an Ombudsman, empowered to receive complaints' shall be replaced by 'A European Ombudsman, elected by the European Parliament, shall be empowered to receive complaints'; in the last part of the sentence, the words 'and the Court of First Instance acting in their judicial role' shall be replaced by: 'acting in its judicial role' and the following final sentence shall be added: 'He or she shall examine such complaints and report on them.';
- (b) in the first subparagraph of paragraph 2, the word 'appointed' shall be replaced by 'elected';
- (c) in paragraph 3, the words 'from any body' shall be replaced by 'from any Government, institution, body, office or entity';
- (d) in paragraph 4, the words 'acting by means of regulations on its own initiative in accordance with a special legislative procedure' shall be inserted after 'The European Parliament'.

184) In the second paragraph of Article 196, the words 'in extraordinary session' shall be replaced by 'in extraordinary part-session' and the words 'of its Members' shall be replaced by 'of its component members'.

185) Article 197 shall be amended as follows:

- (a) the first paragraph shall be deleted;
- (b) the second paragraph shall be replaced by the following:

'The Commission may attend all the meetings and shall, at its request, be heard.';

- (c) the fourth paragraph shall be replaced by the following:

'The European Council and the Council shall be heard by the European Parliament in accordance with the conditions laid down in the Rules of Procedure of the European Council and those of the Council.'.

186) In the first paragraph of Article 198, the word 'absolute' shall be deleted.

- 187) In the second paragraph of Article 199, the words ‘manner laid down in its Rules of Procedure’ shall be replaced by ‘manner laid down in the Treaties and in its Rules of Procedure’.
- 188) In Article 201, the second paragraph shall be replaced by the following:

‘If the motion of censure is carried by a two-thirds majority of the votes cast, representing a majority of the component members of the European Parliament, the members of the Commission shall resign as a body and the High Representative of the Union for Foreign Affairs and Security Policy shall resign from duties that he or she carries out in the Commission. They shall remain in office and continue to deal with current business until they are replaced in accordance with Article 9 D of the Treaty on European Union. In this case, the term of office of the members of the Commission appointed to replace them shall expire on the date on which the term of office of the members of the Commission obliged to resign as a body would have expired.’.

EUROPEAN COUNCIL

- 189) The following new Section 1a and new Articles 201a and 201b shall be inserted:

‘SECTION 1a

THE EUROPEAN COUNCIL

Article 201a

1. Where a vote is taken, any member of the European Council may also act on behalf of not more than one other member.

Article 9 C(4) of the Treaty on European Union and Article 205(2) of this Treaty shall apply to the European Council when it is acting by a qualified majority. Where the European Council decides by vote, its President and the President of the Commission shall not take part in the vote.

Abstentions by members present in person or represented shall not prevent the adoption by the European Council of acts which require unanimity.

2. The President of the European Parliament may be invited to be heard by the European Council.
3. The European Council shall act by a simple majority for procedural questions and for the adoption of its Rules of Procedure.
4. The European Council shall be assisted by the General Secretariat of the Council.

Article 201b

The European Council shall adopt by a qualified majority:

- (a) a decision establishing the list of Council configurations, other than those of the General Affairs Council and of the Foreign Affairs Council, in accordance with Article 9 C(6) of the Treaty on European Union;
- (b) a decision on the Presidency of Council configurations, other than that of Foreign Affairs, in accordance with Article 9 C(9) of the Treaty on European Union.’

COUNCIL

190) Articles 202 and 203 shall be repealed.

191) Article 205 shall be amended as follows:

- (a) paragraphs 1 and 2 shall be replaced by the following:

‘1. Where it is required to act by a simple majority, the Council shall act by a majority of its component members.

2. By way of derogation from Article 9 C(4) of the Treaty on European Union, as from 1 November 2014 and subject to the provisions laid down in the Protocol on transitional provisions, where the Council does not act on a proposal from the Commission or from the High Representative of the Union for Foreign Affairs and Security Policy, the qualified majority shall be defined as at least 72 % of the members of the Council, representing Member States comprising at least 65 % of the population of the Union.

3. As from 1 November 2014 and subject to the provisions laid down in the Protocol on transitional provisions, in cases where, under the Treaties, not all the members of the Council participate in voting, a qualified majority shall be defined as follows:

- (a) A qualified majority shall be defined as at least 55 % of the members of the Council representing the participating Member States, comprising at least 65 % of the population of these States.

A blocking minority must include at least the minimum number of Council members representing more than 35 % of the population of the participating Member States, plus one member, failing which the qualified majority shall be deemed attained;

- (b) By way of derogation from point (a), where the Council does not act on a proposal from the Commission or from the High Representative of the Union for Foreign Affairs and Security Policy, the qualified majority shall be defined as at least 72 % of the members of the Council representing the participating Member States, comprising at least 65 % of the population of these States.’

(b) paragraph 4 shall be deleted and paragraph 3 shall be renumbered 4.

192) Article 207 shall be replaced by the following:

'Article 207

1. A committee consisting of the Permanent Representatives of the Governments of the Member States shall be responsible for preparing the work of the Council and for carrying out the tasks assigned to it by the latter. The Committee may adopt procedural decisions in cases provided for in the Council's Rules of Procedure.

2. The Council shall be assisted by a General Secretariat, under the responsibility of a Secretary-General appointed by the Council.

The Council shall decide on the organisation of the General Secretariat by a simple majority.

3. The Council shall act by a simple majority regarding procedural matters and for the adoption of its Rules of Procedure.'

193) In Article 208, the following sentence shall be added at the end of the Article: 'If the Commission does not submit a proposal, it shall inform the Council of the reasons.'

194) In Article 209, the words 'receiving an opinion from' shall be replaced by 'consulting'.

195) Article 210 shall be replaced by the following:

'Article 210

The Council shall determine the salaries, allowances and pensions of the President of the European Council, the President of the Commission, the High Representative of the Union for Foreign Affairs and Security Policy, the members of the Commission, the Presidents, members and Registrars of the Court of Justice of the European Union, and the Secretary-General of the Council. It shall also determine any payment to be made instead of remuneration.'

COMMISSION

196) Article 211 shall be repealed. The following Article 211a shall be inserted:

'Article 211a

In accordance with Article 9 D(5) of the Treaty on European Union, the members of the Commission shall be chosen on the basis of a system of rotation established unanimously by the European Council and on the basis of the following principles:

(a) Member States shall be treated on a strictly equal footing as regards determination of the sequence of, and the time spent by, their nationals as members of the Commission; consequently, the difference between the total number of terms of office held by nationals of any given pair of Member States may never be more than one;

(b) subject to point (a), each successive Commission shall be so composed as to reflect satisfactorily the demographic and geographical range of all the Member States.’.

197) Article 212 shall become a new paragraph 2 of Article 218.

198) In Article 213, paragraph 1 shall be deleted and paragraph 2 shall not be numbered; its first two paragraphs shall be merged and shall read as follows:

‘The Members of the Commission shall refrain from any action incompatible with their duties. Member States shall respect their independence and shall not seek to influence them in the performance of their tasks.’.

199) Article 214 shall be repealed.

200) Article 215 shall be amended as follows:

(a) the second paragraph shall be replaced by the following two paragraphs:

‘A vacancy caused by resignation, compulsory retirement or death shall be filled for the remainder of the member’s term of office by a new member of the same nationality appointed by the Council, by common accord with the President of the Commission, after consulting the European Parliament and in accordance with the criteria set out in the second subparagraph of Article 9 D(3) of the Treaty on European Union.

The Council may, acting unanimously on a proposal from the President of the Commission, decide that such a vacancy need not be filled, in particular when the remainder of the member’s term of office is short.’;

(b) the following new fifth paragraph shall be inserted:

‘In the event of resignation, compulsory retirement or death, the High Representative of the Union for Foreign Affairs and Security Policy shall be replaced, for the remainder of his or her term of office, in accordance with Article 9 E(1) of the Treaty on European Union’;

(c) the last paragraph shall be replaced by the following:

‘In the case of the resignation of all the members of the Commission, they shall remain in office and continue to deal with current business until they have been replaced, for the remainder of their term of office, in accordance with Article 9 D of the Treaty on European Union.’.

201) In Article 217, paragraphs 1, 3 and 4 shall be deleted and paragraph 2 shall not be numbered. Its first sentence shall be replaced by the following: ‘Without prejudice to Article 9 E(4) of the Treaty on European Union, the responsibilities incumbent upon the Commission shall be structured and allocated among its members by its President, in accordance with Article 9 D(6) of that Treaty’.

- 202) In Article 218, paragraph 1 shall be deleted; paragraph 2 shall be renumbered 1 and the words 'in accordance with the provisions of this Treaty' shall be deleted. A paragraph 2 shall be inserted, with the wording of Article 212.
- 203) In Article 219, first paragraph, the words 'of the number of Members provided for in Article 213' shall be replaced by 'of its members' and the second paragraph shall be replaced by 'Its Rules of Procedure shall determine the quorum.'

COURT OF JUSTICE

- 204) In the heading of Section 4, the words 'OF THE EUROPEAN UNION' shall be added.
- 205) Article 220 shall be repealed.
- 206) In Article 221, the first paragraph shall be deleted.
- 207) In Article 223, the words ', after consultation of the panel provided for in Article 224a' shall be added at the end of the first paragraph.
- 208) In Article 224, first paragraph, the first sentence shall be deleted and the words 'of the Court' shall be inserted after 'The number of Judges'. In the second paragraph, the words ', after consultation of the panel provided for in Article 224a' shall be inserted at the end of the second sentence.
- 209) The following new Article 224a shall be inserted:

'Article 224a

A panel shall be set up in order to give an opinion on candidates' suitability to perform the duties of Judge and Advocate-General of the Court of Justice and the General Court before the governments of the Member States make the appointments referred to in Articles 223 and 224.

The panel shall comprise seven persons chosen from among former members of the Court of Justice and the General Court, members of national supreme courts and lawyers of recognised competence, one of whom shall be proposed by the European Parliament. The Council shall adopt a decision establishing the panel's operating rules and a decision appointing its members. It shall act on the initiative of the President of the Court of Justice.'

- 210) In Article 225, paragraph 1, first subparagraph, first sentence, the words 'assigned to a judicial panel and those' shall be replaced by 'assigned to a specialised court set up under Article 225a and those' and in paragraph 2, first subparagraph, the words 'set up under Article 225a' shall be deleted.
- 211) Article 225a shall be amended as follows:
- (a) the first paragraph shall be replaced by the following text:

'The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may establish specialised courts attached to the General Court to hear and determine at first instance certain classes of action or proceeding brought in

specific areas. The European Parliament and the Council shall act by means of regulations either on a proposal from the Commission after consultation of the Court of Justice or at the request of the Court of Justice after consultation of the Commission.;

- (b) in the second paragraph, the words 'the decision' shall be replaced by 'the regulation' and the words 'the panel' shall be replaced by 'the court';
- (c) in the third paragraph, the words 'the decision establishing the panel' shall be replaced by 'the regulation establishing the specialised court';
- (d) in the sixth paragraph, the words 'the decision' shall be replaced by 'the regulation' and the following sentence shall be added at the end: 'Title I of the Statute and Article 64 thereof shall in any case apply to the specialised courts.'

212) Article 228 shall be amended as follows:

- (a) in paragraph 2, the first and second subparagraphs shall be replaced by the following wording, which shall become the first subparagraph:

'2. If the Commission considers that the Member State concerned has not taken the necessary measures to comply with judgment of the Court, it may bring the case before the Court after giving that State the opportunity to submit its observations. It shall specify the amount of the lump sum or penalty payment to be paid by the Member State concerned which it considers appropriate in the circumstances.'

In the third subparagraph, which shall become the second, the words 'of Justice' shall be deleted after 'Court';

- (b) the following new paragraph 3 shall be added:

'3. When the Commission brings a case before the Court pursuant to Article 226 on the grounds that the Member State concerned has failed to fulfil its obligation to notify measures transposing a directive adopted under a legislative procedure, it may, when it deems appropriate, specify the amount of the lump sum or penalty payment to be paid by the Member State concerned which it considers appropriate in the circumstances.'

If the Court finds that there is an infringement it may impose a lump sum or penalty payment on the Member State concerned not exceeding the amount specified by the Commission. The payment obligation shall take effect on the date set by the Court in its judgment.'

213) In Article 229a, the words 'the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament,' shall be replaced by 'the Council, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament,' and the words 'Community industrial property rights' shall be replaced by 'European intellectual property rights'. The last sentence shall be replaced by the following: 'These provisions shall enter into force after their approval by the Member States in accordance with their respective constitutional requirements.'

214) Article 230 shall be amended as follows:

- (a) in the first paragraph, the words ‘acts adopted jointly by the European Parliament and the Council,’ shall be replaced by ‘legislative acts,’ the words ‘and of the European Council’ shall be inserted after ‘European Parliament’ and the following sentence shall be added at the end: ‘It shall also review the legality of acts of bodies, offices or agencies of the Union intended to produce legal effects vis-à-vis third parties.’;
- (b) in the third paragraph, the words ‘by the Court of Auditors and by the ECB for the purpose of protecting their prerogatives’ shall be replaced by ‘by the Court of Auditors, by the European Central Bank and by the Committee of the Regions for the purpose of protecting their prerogatives’;
- (c) the fourth paragraph shall be replaced by the following:

‘Any natural or legal person may, under the conditions laid down in the first and second paragraphs, institute proceedings against an act addressed to that person or which is of direct and individual concern to them, and against a regulatory act which is of direct concern to them and does not entail implementing measures.’;

- (d) the following new fifth paragraph shall be inserted, and the present fifth paragraph shall become the sixth paragraph:

‘Acts setting up bodies, offices and agencies of the Union may lay down specific conditions and arrangements concerning actions brought by natural or legal persons against acts of these bodies, offices or agencies intended to produce legal effects in relation to them.’.

215) In Article 231, the second paragraph shall be replaced by the following: ‘However, the Court shall, if it considers this necessary, state which of the effects of the act which it has declared void shall be considered as definitive.’.

216) Article 232 shall be amended as follows:

- (a) in the first paragraph, the words ‘the European Council,’ shall be inserted after ‘European Parliament’, the words ‘or the European Central Bank’ shall be inserted after ‘Commission’, the word ‘or’ before ‘the Commission’ shall be replaced by a comma and the following sentence shall be added at the end of the paragraph: ‘This Article shall apply, under the same conditions, to bodies, offices and agencies of the Union which fail to act.’;
- (b) in the third paragraph, the words ‘, body, office or agency’ shall be inserted after ‘an institution’;
- (c) the fourth paragraph shall be deleted.

217) In Article 233, first paragraph, the words ‘or institutions’ shall be deleted; the third paragraph shall be deleted.

- 218) In Article 234, first paragraph, point (b), the words ‘and of the ECB’ shall be deleted and point (c) shall be deleted. The following paragraph shall be added at the end of the Article: ‘If such a question is raised in a case pending before a court or tribunal of a Member State with regard to a person in custody, the Court of Justice of the European Union shall act with the minimum of delay.’.
- 219) In Article 235, the reference to the second paragraph of Article 288 shall be replaced by a reference to the second and third paragraphs of Article 288.
- 220) The following new Article 235a shall be inserted:

‘Article 235a

The Court of Justice shall have jurisdiction to decide on the legality of an act adopted by the European Council or by the Council pursuant to Article 7 of the Treaty on European Union solely at the request of the Member State concerned by a determination of the European Council or of the Council and in respect solely of the procedural stipulations contained in that Article.

Such a request must be made within one month from the date of such determination. The Court shall rule within one month from the date of the request.’.

- 221) In Article 236, the words ‘in the Staff Regulations or the Conditions of Employment’ shall be replaced by ‘in the Staff Regulations of Officials and the Conditions of Employment of other servants of the Union’.
- 222) In Article 237(d), at the beginning of the second sentence, the word ‘Governing’ shall be inserted before ‘Council’.
- 223) The following two new Articles 240a and 240b shall be inserted:

‘Article 240a

The Court of Justice of the European Union shall not have jurisdiction with respect to the provisions relating to the common foreign and security policy nor with respect to acts adopted on the basis of those provisions.

However, the Court shall have jurisdiction to monitor compliance with Article 25b of the Treaty on European Union and to rule on proceedings, brought in accordance with the conditions laid down in the fourth paragraph of Article 230 of this Treaty, reviewing the legality of decisions providing for restrictive measures against natural or legal persons adopted by the Council on the basis of Chapter 2 of Title V of the Treaty on European Union.

Article 240b

In exercising its powers regarding the provisions of Chapters 4 and 5 of Title IV of Part Three relating to the area of freedom, security and justice, the Court of Justice of the European Union

shall have no jurisdiction to review the validity or proportionality of operations carried out by the police or other law-enforcement services of a Member State or the exercise of the responsibilities incumbent upon Member States with regard to the maintenance of law and order and the safeguarding of internal security.’.

224) Article 241 shall be replaced by the following:

‘Article 241

Notwithstanding the expiry of the period laid down in Article 230, fifth paragraph, any party may, in proceedings in which an act of general application adopted by an institution, body, office or agency of the Union is at issue, plead the grounds specified in Article 230, second paragraph, in order to invoke before the Court of Justice of the European Union the inapplicability of that act.’.

225) In Article 242, second sentence, the words ‘of Justice’ after ‘Court’ shall be deleted.

226) In Article 245, the second paragraph shall be replaced by the following:

‘The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may amend the provisions of the Statute, with the exception of Title I and Article 64. The European Parliament and the Council shall act either at the request of the Court of Justice and after consultation of the Commission, or on a proposal from the Commission and after consultation of the Court of Justice.’.

EUROPEAN CENTRAL BANK

227) The following Section 4a and Article 245a shall be inserted:

‘SECTION 4a

THE EUROPEAN CENTRAL BANK

Article 245a

1. The European Central Bank, together with the national central banks, shall constitute the European System of Central Banks (ESCB). The European Central Bank, together with the national central banks of the Member States whose currency is the euro, which constitute the Eurosystem, shall conduct the monetary policy of the Union.

2. The ESCB shall be governed by the decision-making bodies of the European Central Bank. The primary objective of the ESCB shall be to maintain price stability. Without prejudice to that objective, it shall support the general economic policies in the Union in order to contribute to the achievement of the latter’s objectives.

3. The European Central Bank shall have legal personality. It alone may authorise the issue of the euro. It shall be independent in the exercise of its powers and in the management of its finances. Union institutions, bodies, offices and agencies and the governments of the Member States shall respect that independence.

4. The European Central Bank shall adopt such measures as are necessary to carry out its tasks in accordance with Articles 105 to 111a, with Article 115 C, and with the conditions laid down in the Statute of the ESCB and of the ECB. In accordance with these same Articles, those Member States whose currency is not the euro, and their central banks, shall retain their powers in monetary matters.

5. Within the areas falling within its responsibilities, the European Central Bank shall be consulted on all proposed Union acts, and all proposals for regulation at national level, and may give an opinion.’.

228) An Article 245b shall be inserted, with the wording of Article 112; it shall be amended as follows:

(a) in paragraph 1, the words ‘of the Member States whose currency is the euro’ shall be inserted at the end after ‘national central banks’;

(b) in paragraph 2 the numbering (a) and (b) shall be deleted, the present point (a) shall become the first subparagraph and the three subparagraphs of the present point (b) shall respectively become the second, third and fourth subparagraphs of the paragraph; in the second subparagraph, the words ‘from among persons of recognised standing and professional experience in monetary or banking matters by common accord of the governments of the Member States at the level of Heads of State or Government,’ shall be replaced by ‘by the European Council, acting by a qualified majority, from among persons of recognised standing and professional experience in monetary or banking matters,’.

229) An Article 245c shall be inserted, with the wording of Article 113.

COURT OF AUDITORS

230) In Article 246, the word ‘Union’s’ shall be inserted before ‘audit’ and the following new paragraph shall be added as a second paragraph:

‘It shall consist of one national of each Member State. Its members shall be completely independent in the performance of their duties, in the Union’s general interest.’.

231) Article 247 shall be amended as follows:

(a) paragraph 1 and the first subparagraph of paragraph 4 shall be deleted. Paragraphs 2 to 9 shall be renumbered 1 to 8 respectively;

(b) in paragraph 2, renumbered 1, the word ‘countries’ shall be replaced by ‘States’;

(c) in paragraph 4, renumbered 3, the word ‘they’ shall be replaced by ‘the Members of the Court of Auditors’.

232) In Article 248, the word ‘bodies’ shall be replaced by ‘bodies, offices or agencies’, singular or plural as the case may be, except in the expression ‘national audit bodies’ and except in the final sentence of the first subparagraph of Article 248(3).

LEGAL ACTS OF THE UNION

233) The heading of Chapter 2 shall be replaced by the following 'LEGAL ACTS OF THE UNION, ADOPTION PROCEDURES AND OTHER PROVISIONS'.

234) A Section 1 shall be inserted above Article 249:

'SECTION 1
THE LEGAL ACTS OF THE UNION'.

235) Article 249 shall be amended as follows:

(a) the first paragraph shall be replaced by the following:

'To exercise the Union's competences, the institutions shall adopt regulations, directives, decisions, recommendations and opinions.';

(b) the fourth paragraph shall be replaced by the following:

'A decision shall be binding in its entirety. A decision which specifies those to whom it is addressed shall be binding only on them.'

236) The following new Articles 249 A to 249 D shall be inserted:

Article 249 A

1. The ordinary legislative procedure shall consist in the joint adoption by the European Parliament and the Council of a regulation, directive or decision on a proposal from the Commission. This procedure is defined in Article 251.

2. In the specific cases provided for by the Treaties, the adoption of a regulation, directive or decision by the European Parliament with the participation of the Council, or by the latter with the participation of the European Parliament, shall constitute a special legislative procedure.

3. Legal acts adopted by legislative procedure shall constitute legislative acts.

4. In the specific cases provided for by the Treaties, legislative acts may be adopted on the initiative of a group of Member States or of the European Parliament, on a recommendation from the European Central Bank or at the request of the Court of Justice or the European Investment Bank.

Article 249 B

1. A legislative act may delegate to the Commission the power to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of the legislative act.

The objectives, content, scope and duration of the delegation of power shall be explicitly defined in the legislative acts. The essential elements of an area shall be reserved for the legislative act and accordingly shall not be the subject of a delegation of power.

2. Legislative acts shall explicitly lay down the conditions to which the delegation is subject; these conditions may be as follows:

- (a) the European Parliament or the Council may decide to revoke the delegation;
- (b) the delegated act may enter into force only if no objection has been expressed by the European Parliament or the Council within a period set by the legislative act.

For the purposes of (a) and (b), the European Parliament shall act by a majority of its component members, and the Council by a qualified majority.

3. The adjective “delegated” shall be inserted in the title of delegated acts.

Article 249 C

1. Member States shall adopt all measures of national law necessary to implement legally binding Union acts.

2. Where uniform conditions for implementing legally binding Union acts are needed, those acts shall confer implementing powers on the Commission, or, in duly justified specific cases and in the cases provided for in Articles 11 and 13 of the Treaty on European Union, on the Council.

3. For the purposes of paragraph 2, the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall lay down in advance the rules and general principles concerning mechanisms for control by Member States of the Commission’s exercise of implementing powers.

4. The word “implementing” shall be inserted in the title of implementing acts.

Article 249 D

The Council shall adopt recommendations. It shall act on a proposal from the Commission in all cases where the Treaties provide that it shall adopt acts on a proposal from the Commission. It shall act unanimously in those areas in which unanimity is required for the adoption of a Union act. The Commission, and the European Central Bank in the specific cases provided for in the Treaties, shall adopt recommendations.’.

PROCEDURES FOR THE ADOPTION OF ACTS AND OTHER PROVISIONS

237) A Section 2 ‘PROCEDURES FOR THE ADOPTION OF ACTS AND OTHER PROVISIONS’ shall be inserted before Article 250.

238) In Article 250, paragraph 1 shall be replaced by the following:

‘1. Where, pursuant to the Treaties, the Council acts on a proposal from the Commission, the Council may amend that proposal only by acting unanimously, except in the cases referred to in paragraphs 10 and 13 of Article 251, in Articles 268, 270a and 272 and in the second paragraph of Article 273.’.

239) Article 251 shall be amended as follows:

- (a) in paragraph 1 the words ‘to this Article’ shall be replaced by ‘to the ordinary legislative procedure’;
- (b) the second and third subparagraphs of paragraph 2, and paragraphs 3 to 7 shall be replaced by the following:

First reading

3. The European Parliament shall adopt its position at first reading and communicate it to the Council.

4. If the Council approves the European Parliament’s position, the act concerned shall be adopted in the wording which corresponds to the position of the European Parliament.

5. If the Council does not approve the European Parliament’s position, it shall adopt its position at first reading and communicate it to the European Parliament.

6. The Council shall inform the European Parliament fully of the reasons which led it to adopt its position at first reading. The Commission shall inform the European Parliament fully of its position.

Second reading

7. If, within three months of such communication, the European Parliament:

- (a) approves the Council’s position at first reading or has not taken a decision, the act concerned shall be deemed to have been adopted in the wording which corresponds to the position of the Council;
- (b) rejects, by a majority of its component members, the Council’s position at first reading, the proposed act shall be deemed not to have been adopted;
- (c) proposes, by a majority of its component members, amendments to the Council’s position at first reading, the text thus amended shall be forwarded to the Council and to the Commission, which shall deliver an opinion on those amendments.

8. If, within three months of receiving the European Parliament's amendments, the Council, acting by a qualified majority:

- (a) approves all those amendments, the act in question shall be deemed to have been adopted;
- (b) does not approve all the amendments, the President of the Council, in agreement with the President of the European Parliament, shall within six weeks convene a meeting of the Conciliation Committee.

9. The Council shall act unanimously on the amendments on which the Commission has delivered a negative opinion.

Conciliation

10. The Conciliation Committee, which shall be composed of the members of the Council or their representatives and an equal number of members representing the European Parliament, shall have the task of reaching agreement on a joint text, by a qualified majority of the members of the Council or their representatives and by a majority of the members representing the European Parliament within six weeks of its being convened, on the basis of the positions of the European Parliament and the Council at second reading.

11. The Commission shall take part in the Conciliation Committee's proceedings and shall take all necessary initiatives with a view to reconciling the positions of the European Parliament and the Council.

12. If, within six weeks of its being convened, the Conciliation Committee does not approve the joint text, the proposed act shall be deemed not to have been adopted.

Third reading

13. If, within that period, the Conciliation Committee approves a joint text, the European Parliament, acting by a majority of the votes cast, and the Council, acting by a qualified majority, shall each have a period of six weeks from that approval in which to adopt the act in question in accordance with the joint text. If they fail to do so, the proposed act shall be deemed not to have been adopted.

14. The periods of three months and six weeks referred to in this Article shall be extended by a maximum of one month and two weeks respectively at the initiative of the European Parliament or the Council.

Special provisions

15. Where, in the cases provided for in the Treaties, a legislative act is submitted to the ordinary legislative procedure on the initiative of a group of Member States, on a recommendation by the European Central Bank, or at the request of the Court of Justice, paragraph 2, the second sentence of paragraph 6, and paragraph 9 shall not apply.

In such cases, the European Parliament and the Council shall communicate the proposed act to the Commission with their positions at first and second readings. The European Parliament or the Council may request the opinion of the Commission throughout the procedure, which the Commission may also deliver on its own initiative. It may also, if it deems it necessary, take part in the Conciliation Committee in accordance with paragraph 11.’

240) Article 252 shall be repealed. The following new Article 252a shall be inserted:

‘Article 252a

The European Parliament, the Council and the Commission shall consult each other and by common agreement make arrangements for their cooperation. To that end, they may, in compliance with the Treaties, conclude interinstitutional agreements which may be of a binding nature.’

241) Article 253 shall be replaced by the following:

‘Article 253

Where the Treaties do not specify the type of act to be adopted, the institutions shall select it on a case-by-case basis, in compliance with the applicable procedures and with the principle of proportionality.

Legal acts shall state the reasons on which they are based and shall refer to any proposals, initiatives, recommendations, requests or opinions required by the Treaties.

When considering draft legislative acts, the European Parliament and the Council shall refrain from adopting acts not provided for by the relevant legislative procedure in the area in question.’

242) Article 254 shall be replaced by the following:

‘Article 254

1. Legislative acts adopted under the ordinary legislative procedure shall be signed by the President of the European Parliament and by the President of the Council.

Legislative acts adopted under a special legislative procedure shall be signed by the President of the institution which adopted them.

Legislative acts shall be published in the *Official Journal of the European Union*. They shall enter into force on the date specified in them or, in the absence thereof, on the twentieth day following that of their publication.

2. Non-legislative acts adopted in the form of regulations, directives or decisions, when the latter do not specify to whom they are addressed, shall be signed by the President of the institution which adopted them.

Regulations and directives which are addressed to all Member States, as well as decisions which do not specify to whom they are addressed, shall be published in the *Official Journal of the European Union*. They shall enter into force on the date specified in them or, in the absence thereof, on the twentieth day following that of their publication.

Other directives, and decisions which specify to whom they are addressed, shall be notified to those to whom they are addressed and shall take effect upon such notification.’

243) The following new Article 254a shall be inserted:

‘Article 254a

1. In carrying out their missions, the institutions, bodies, offices and agencies of the Union shall have the support of an open, efficient and independent European administration.

2. In compliance with the Staff Regulations and the Conditions of Employment adopted on the basis of Article 283, the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall establish provisions to that end.’

244) Article 255 shall become Article 16 A; it shall be amended as set out above in point 28.

245) In Article 256, first paragraph, the words ‘Decisions of the Council or of the Commission which impose’ shall be replaced by ‘Acts of the Council, the Commission or the European Central Bank which impose’.

ADVISORY BODIES

246) The following new Chapter 3 and Article 256a shall be inserted; Chapters 3 and 4 shall become Section 1 and Section 2 respectively and Chapter 5 shall be renumbered 4:

‘CHAPTER 3

THE UNION’S ADVISORY BODIES

Article 256a

1. The European Parliament, the Council and the Commission shall be assisted by an Economic and Social Committee and a Committee of the Regions, exercising advisory functions.

2. The Economic and Social Committee shall consist of representatives of organisations of employers, of the employed, and of other parties representative of civil society, notably in socio-economic, civic, professional and cultural areas.

3. The Committee of the Regions shall consist of representatives of regional and local bodies who either hold a regional or local authority electoral mandate or are politically accountable to an elected assembly.

4. The members of the Economic and Social Committee and of the Committee of the Regions shall not be bound by any mandatory instructions. They shall be completely independent in the performance of their duties, in the Union’s general interest.

5. The rules referred to in paragraphs 2 and 3 governing the nature of the composition of the Committees shall be reviewed at regular intervals by the Council to take account of economic, social and demographic developments within the Union. The Council, on a proposal from the Commission, shall adopt decisions to that end.’.

ECONOMIC AND SOCIAL COMMITTEE

247) Articles 257 and 261 shall be repealed.

248) In Article 258, the second and third paragraphs shall be replaced by the following paragraph:

‘The Council, acting unanimously on a proposal from the Commission, shall adopt a decision determining the Committee’s composition.’.

249) Article 259 shall be amended as follows:

(a) in paragraph 1, the first sentence shall be replaced by the following sentence: ‘The members of the Committee shall be appointed for five years.’;

(b) paragraph 2 shall be replaced by the following:

‘2. The Council shall act after consulting the Commission. It may obtain the opinion of European bodies which are representative of the various economic and social sectors and of civil society to which the Union’s activities are of concern.’.

250) In Article 260, in the first paragraph, the words ‘two years’ shall be replaced by ‘two and a half years’ and in the third paragraph, the words ‘of the European Parliament,’ shall be inserted before ‘of the Council’.

251) Article 262 shall be amended as follows:

(a) a reference to the European Parliament shall be inserted before the reference to the Council in the first, second and third paragraphs;

(b) in the first paragraph, the word ‘must’ shall be replaced by ‘shall’;

(c) in the third paragraph, the words ‘and that of the specialised section’ shall be deleted.

(d) the fourth paragraph shall be deleted.

COMMITTEE OF THE REGIONS

252) Article 263 shall be amended as follows:

- (a) the first paragraph shall be deleted;
- (b) the third paragraph, which shall become the second, shall be replaced by the following:

‘The Council, acting unanimously on a proposal from the Commission, shall adopt a decision determining the Committee’s composition.’;
- (c) in the fourth paragraph, which shall become the third, in the first sentence, the words ‘on proposals from the respective Member States’ shall be deleted and the figure ‘four’ shall be replaced by ‘five’; in the fourth sentence, the words ‘the first paragraph’ shall be replaced by the words ‘Article 256a(3),’;
- (d) the last paragraph shall be deleted.

253) In Article 264, first paragraph, the words ‘two years’ shall be replaced by ‘two and a half years’ and in the third paragraph, the words ‘of the European Parliament,’ shall be inserted before ‘of the Council’.

254) Article 265 shall be amended as follows:

- (a) a reference to the European Parliament shall be inserted before the reference to the Council in the first, second, third and last paragraphs;
- (b) in the first paragraph, the word ‘two’ shall be deleted;
- (c) the fourth paragraph shall be deleted ;

EUROPEAN INVESTMENT BANK

255) In Article 266, third paragraph, the words ‘at the request of the Commission’ shall be replaced by ‘on a proposal from the Commission’ and the words ‘in accordance with a special legislative procedure’ shall be inserted after ‘unanimously’ and the words ‘Articles 4, 11, and 12 and Article 18(5) of’ shall be deleted.

256) In Article 267(b), the word ‘progressive’ shall be deleted and the words ‘or functioning’ shall be inserted after ‘establishment’.

FINANCIAL PROVISIONS

257) Article 268 shall be amended as follows:

- (a) in the first paragraph, the words ‘, including those relating to the European Social Fund,’ shall be deleted and the three paragraphs shall become paragraph 1;

- (b) the second subparagraph shall be replaced by the following:

‘The Union’s annual budget shall be established by the European Parliament and the Council in accordance with Article 272.’;

- (c) the following new paragraphs 2 to 6 shall be added:

2. The expenditure shown in the budget shall be authorised for the annual budgetary period in accordance with the regulation referred to in Article 279.

3. The implementation of expenditure shown in the budget shall require the prior adoption of a legally binding Union act providing a legal basis for its action and for the implementation of the corresponding expenditure in accordance with the regulation referred to in Article 279, except in cases for which that law provides.

4. With a view to maintaining budgetary discipline, the Union shall not adopt any act which is likely to have appreciable implications for the budget without providing an assurance that the expenditure arising from such an act is capable of being financed within the limit of the Union’s own resources and in compliance with the multiannual financial framework referred to in Article 270a.

5. The budget shall be implemented in accordance with the principle of sound financial management. Member States shall cooperate with the Union to ensure that the appropriations entered in the budget are used in accordance with this principle.

6. The Union and the Member States, in accordance with Article 280, shall counter fraud and any other illegal activities affecting the financial interests of the Union.’

THE UNION’S OWN RESOURCES

258) A Chapter 1 ‘THE UNION’S OWN RESOURCES’ shall be inserted before Article 269.

259) Article 269 shall be amended as follows:

- (a) the following new first paragraph shall be inserted:

‘The Union shall provide itself with the means necessary to attain its objectives and carry through its policies.’;

- (b) the last paragraph shall be replaced by the following two paragraphs:

‘The Council, acting in accordance with a special legislative procedure, shall unanimously and after consulting the European Parliament adopt a decision laying down the provisions relating to the system of own resources of the Union. In this context it may establish new categories of own resources or abolish an existing category. That decision shall not enter into force until it is approved by the Member States in accordance with their respective constitutional requirements.

The Council, acting by means of regulations in accordance with a special legislative procedure, shall lay down implementing measures for the Union's own resources system insofar as this is provided for in the decision adopted on the basis of the third paragraph. The Council shall act after obtaining the consent of the European Parliament.'

260) Article 270 shall be repealed.

MULTIANNUAL FINANCIAL FRAMEWORK

261) The following new Chapter 2 and new Article 270a shall be inserted:

'CHAPTER 2

THE MULTIANNUAL FINANCIAL FRAMEWORK

Article 270a

1. The multiannual financial framework shall ensure that Union expenditure develops in an orderly manner and within the limits of its own resources.

It shall be established for a period of at least five years.

The annual budget of the Union shall comply with the multiannual financial framework.

2. The Council, acting in accordance with a special legislative procedure, shall adopt a regulation laying down the multiannual financial framework. The Council shall act unanimously after obtaining the consent of the European Parliament, which shall be given by a majority of its component members.

The European Council may, unanimously, adopt a decision authorising the Council to act by a qualified majority when adopting the regulation referred to in the first paragraph.

3. The financial framework shall determine the amounts of the annual ceilings on commitment appropriations by category of expenditure and of the annual ceiling on payment appropriations. The categories of expenditure, limited in number, shall correspond to the Union's major sectors of activity.

The financial framework shall lay down any other provisions required for the annual budgetary procedure to run smoothly.

4. Where no Council regulation determining a new financial framework has been adopted by the end of the previous financial framework, the ceilings and other provisions corresponding to the last year of that framework shall be extended until such time as that act is adopted.

5. Throughout the procedure leading to the adoption of the financial framework, the European Parliament, the Council and the Commission shall take any measure necessary to facilitate its adoption.'

THE UNION'S ANNUAL BUDGET

- 262) A Chapter 3 'THE UNION'S ANNUAL BUDGET' shall be inserted after Article 270a.
- 263) An Article 270b shall be inserted, with the wording of Article 272(1).
- 264) Article 271 shall become the new Article 273a; it shall be amended as set out below in point 267.
- 265) Article 272(1) shall become Article 270b and paragraphs 2 to 10 of Article 272 shall be replaced by the following:

'Article 272

The European Parliament and the Council, acting in accordance with a special legislative procedure, shall establish the Union's annual budget in accordance with the following provisions.

1. With the exception of the European Central Bank, each institution shall, before 1 July, draw up estimates of its expenditure for the following financial year. The Commission shall consolidate these estimates in a draft budget which may contain different estimates.

The draft budget shall contain an estimate of revenue and an estimate of expenditure.

2. The Commission shall submit a proposal containing the draft budget to the European Parliament and to the Council not later than 1 September of the year preceding that in which the budget is to be implemented.

The Commission may amend the draft budget during the procedure until such time as the Conciliation Committee, referred to in paragraph 5, is convened.

3. The Council shall adopt its position on the draft budget and forward it to the European Parliament not later than 1 October of the year preceding that in which the budget is to be implemented. The Council shall inform the European Parliament in full of the reasons which led it to adopt its position.
4. If, within forty-two days of such communication, the European Parliament:
 - (a) approves the position of the Council, the budget shall be adopted;
 - (b) has not taken a decision, the budget shall be deemed to have been adopted;
 - (c) adopts amendments by a majority of its component members, the amended draft shall be forwarded to the Council and to the Commission. The President of the European Parliament, in agreement with the President of the Council, shall immediately convene a meeting of the Conciliation Committee. However, if within ten days of the draft being forwarded the Council informs the European Parliament that it has approved all its amendments, the Conciliation Committee shall not meet.

5. The Conciliation Committee, which shall be composed of the members of the Council or their representatives and an equal number of members representing the European Parliament, shall have the task of reaching agreement on a joint text, by a qualified majority of the members of the Council or their representatives and by a majority of the representatives of the European Parliament within twenty-one days of its being convened, on the basis of the positions of the European Parliament and the Council.

The Commission shall take part in the Conciliation Committee's proceedings and shall take all the necessary initiatives with a view to reconciling the positions of the European Parliament and the Council.

6. If, within the twenty-one days referred to in paragraph 5, the Conciliation Committee agrees on a joint text, the European Parliament and the Council shall each have a period of fourteen days from the date of that agreement in which to approve the joint text.
7. If, within the period of fourteen days referred to in paragraph 6:
 - (a) the European Parliament and the Council both approve the joint text or fail to take a decision, or if one of these institutions approves the joint text while the other one fails to take a decision, the budget shall be deemed to be definitively adopted in accordance with the joint text; or
 - (b) the European Parliament, acting by a majority of its component members, and the Council both reject the joint text, or if one of these institutions rejects the joint text while the other one fails to take a decision, a new draft budget shall be submitted by the Commission; or
 - (c) the European Parliament, acting by a majority of its component members, rejects the joint text while the Council approves it, a new draft budget shall be submitted by the Commission; or
 - (d) the European Parliament approves the joint text whilst the Council rejects it, the European Parliament may, within fourteen days from the date of the rejection by the Council and acting by a majority of its component members and three-fifths of the votes cast, decide to confirm all or some of the amendments referred to in paragraph 4(c). Where a European Parliament amendment is not confirmed, the position agreed in the Conciliation Committee on the budget heading which is the subject of the amendment shall be retained. The budget shall be deemed to be definitively adopted on this basis.
8. If, within the twenty-one days referred to in paragraph 5, the Conciliation Committee does not agree on a joint text, a new draft budget shall be submitted by the Commission.

9. When the procedure provided for in this Article has been completed, the President of the European Parliament shall declare that the budget has been definitively adopted.
10. Each institution shall exercise the powers conferred upon it under this Article in compliance with the Treaties and the acts adopted thereunder, with particular regard to the Union's own resources and the balance between revenue and expenditure.'

266) Article 273 shall be amended as follows:

- (a) in the first paragraph, the word 'voted' shall be replaced by 'definitively adopted', the words 'or other subdivision' shall be deleted and, at the end of the sentence, the words 'this arrangement shall not, however, have the effect of placing at the disposal of the Commission appropriations in excess of one twelfth of those provided for in the draft budget in course of preparation' shall be replaced by 'that sum shall not, however, exceed one twelfth of the appropriations provided for in the same chapter of the draft budget.';
- (b) in the second paragraph, the words 'on a proposal from the Commission,' shall be inserted after 'The Council' and the following shall be added at the end: 'in accordance with the regulations made pursuant to Article 279. The Council shall forward the decision immediately to the European Parliament.';
- (c) the third paragraph shall be deleted;
- (d) the last paragraph shall be replaced by the following:

'The decision referred to in the second paragraph shall lay down the necessary measures relating to resources to ensure application of this Article, in accordance with the acts referred to in Article 269.

It shall enter into force thirty days following its adoption if the European Parliament, acting by a majority of its component members, has not decided to reduce this expenditure within that time-limit.'

267) An Article 273a shall be inserted, with the wording of Article 271; it shall be amended as follows:

- (a) the first paragraph shall be deleted;
- (b) In the third paragraph, which has become the second, the words 'as far as may be necessary' shall be deleted;
- (c) in the last paragraph, the words 'the Council, the Commission and the Court of Justice' shall be replaced by 'the European Council and the Council, the Commission and the Court of Justice of the European Union'.

IMPLEMENTATION OF THE BUDGET AND DISCHARGE

268) A Chapter 4 'IMPLEMENTATION OF THE BUDGET AND DISCHARGE', shall be inserted before Article 274, which shall be amended as follows:

- (a) in the first paragraph, the words at the beginning 'The Commission shall implement the budget' shall be replaced by 'The Commission shall implement the budget in cooperation with the Member States';
- (b) the second paragraph shall be replaced by the following:

'The regulations shall lay down the control and audit obligations of the Member States in the implementation of the budget and the resulting responsibilities. They shall also lay down the responsibilities and detailed rules for each institution concerning its part in effecting its own expenditure.'

269) In Article 275 the order of the Council and the European Parliament shall be reversed. The following new second paragraph shall be added:

'The Commission shall also submit to the European Parliament and to the Council an evaluation report on the Union's finances based on the results achieved, in particular in relation to the indications given by the European Parliament and the Council pursuant to Article 276'.

270) In Article 276(1), the words 'the accounts and the financial statement referred to in Article 275' shall be replaced by 'the accounts, the financial statement and the evaluation report referred to in Article 275'.

COMMON FINANCIAL PROVISIONS

271) A Chapter 5 'COMMON PROVISIONS' shall be inserted before Article 277.

272) Article 277 shall be replaced by the following:

'Article 277

The multiannual financial framework and the annual budget shall be drawn up in euro.'

273) Article 279 shall be amended as follows:

- (a) paragraph 1 shall be replaced by the following:

'1. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, and after consulting the Court of Auditors, shall adopt by means of regulations:

- (a) the financial rules which determine in particular the procedure to be adopted for establishing and implementing the budget and for presenting and auditing accounts;
- (b) rules providing for checks on the responsibility of financial actors, in particular authorising officers and accounting officers;'

- (b) in paragraph 2, the word ‘unanimously’ and the words ‘obtaining the opinion of’ shall be deleted.

274) The following new Articles 279a and 279b shall be inserted:

‘Article 279a

The European Parliament, the Council and the Commission shall ensure that the financial means are made available to allow the Union to fulfil its legal obligations in respect of third parties.

Article 279b

Regular meetings between the Presidents of the European Parliament, the Council and the Commission shall be convened, on the initiative of the Commission, under the budgetary procedures referred to in this Chapter. The Presidents shall take all the necessary steps to promote consultation and the reconciliation of the positions of the institutions over which they preside in order to facilitate the implementation of this Title.’

COMBATING FRAUD

275) A Chapter 6 ‘COMBATING FRAUD’ shall be inserted before Article 280.

276) Article 280 shall be amended as follows:

- (a) the following words shall be added at the end of paragraph 1: ‘, and in all the Union’s institutions, bodies, offices and agencies.’;
- (b) in paragraph 4, the following words: ‘and in all the Union’s institutions, bodies, offices and agencies’ shall be inserted after the words: ‘in the Member States’, and the last sentence shall be deleted.

ENHANCED COOPERATION

277) A Title III ‘ENHANCED COOPERATION’ shall be inserted after Article 280.

278) The following new Articles 280 A to 280 I shall be inserted, which, with Article 10 of the Treaty on European Union, shall replace the current Articles 27a to 27e, Articles 40 to 40b and Articles 43 to 45 of the Treaty on European Union and Articles 11 and 11a of the Treaty establishing the European Community:

‘Article 280 A

Any enhanced cooperation shall comply with the Treaties and the law of the Union.

Such cooperation shall not undermine the internal market or economic, social and territorial cohesion. It shall not constitute a barrier to or discrimination in trade between Member States, nor shall it distort competition between them.

Article 280 B

Any enhanced cooperation shall respect the competences, rights and obligations of those Member States which do not participate in it. Those Member States shall not impede its implementation by the participating Member States.

Article 280 C

1. When enhanced cooperation is being established, it shall be open to all Member States, subject to compliance with any conditions of participation laid down by the authorising decision. It shall also be open to them at any other time, subject to compliance with the acts already adopted within that framework, in addition to those conditions.

The Commission and the Member States participating in enhanced cooperation shall ensure that they promote participation by as many Member States as possible.

2. The Commission and, where appropriate, the High Representative of the Union for Foreign Affairs and Security Policy shall keep the European Parliament and the Council regularly informed regarding developments in enhanced cooperation.

Article 280 D

1. Member States which wish to establish enhanced cooperation between themselves in one of the areas covered by the Treaties, with the exception of fields of exclusive competence and the common foreign and security policy, shall address a request to the Commission, specifying the scope and objectives of the enhanced cooperation proposed. The Commission may submit a proposal to the Council to that effect. In the event of the Commission not submitting a proposal, it shall inform the Member States concerned of the reasons for not doing so.

Authorisation to proceed with the enhanced cooperation referred to in the first subparagraph shall be granted by the Council, on a proposal from the Commission and after obtaining the consent of the European Parliament.

2. The request of the Member States which wish to establish enhanced cooperation between themselves within the framework of the common foreign and security policy shall be addressed to the Council. It shall be forwarded to the High Representative of the Union for Foreign Affairs and Security Policy, who shall give an opinion on whether the enhanced cooperation proposed is consistent with the Union's common foreign and security policy, and to the Commission, which shall give its opinion in particular on whether the enhanced cooperation proposed is consistent with other Union policies. It shall also be forwarded to the European Parliament for information.

Authorisation to proceed with enhanced cooperation shall be granted by a decision of the Council acting unanimously.

Article 280 E

All members of the Council may participate in its deliberations, but only members of the Council representing the Member States participating in enhanced cooperation shall take part in the vote.

Unanimity shall be constituted by the votes of the representatives of the participating Member States only.

A qualified majority shall be defined in accordance with Article 205(3).

Article 280 F

1. Any Member State which wishes to participate in enhanced cooperation in progress in one of the areas referred to in Article 280 D(1) shall notify its intention to the Council and the Commission.

The Commission shall, within four months of the date of receipt of the notification, confirm the participation of the Member State concerned. It shall note where necessary that the conditions of participation have been fulfilled and shall adopt any transitional measures necessary with regard to the application of the acts already adopted within the framework of enhanced cooperation.

However, if the Commission considers that the conditions of participation have not been fulfilled, it shall indicate the arrangements to be adopted to fulfil those conditions and shall set a deadline for re-examining the request. On the expiry of that deadline, it shall re-examine the request, in accordance with the procedure set out in the second subparagraph. If the Commission considers that the conditions of participation have still not been met, the Member State concerned may refer the matter to the Council, which shall decide on the request. The Council shall act in accordance with Article 280 E. It may also adopt the transitional measures referred to in the second subparagraph on a proposal from the Commission.

2. Any Member State which wishes to participate in enhanced cooperation in progress in the framework of the common foreign and security policy shall notify its intention to the Council, the High Representative of the Union for Foreign Affairs and Security Policy and the Commission.

The Council shall confirm the participation of the Member State concerned, after consulting the High Representative of the Union for Foreign Affairs and Security Policy and after noting, where necessary, that the conditions of participation have been fulfilled. The Council, on a proposal from the High Representative, may also adopt any transitional measures necessary with regard to the application of the acts already adopted within the framework of enhanced cooperation. However, if the Council considers that the conditions of participation have not been fulfilled, it shall indicate the arrangements to be adopted to fulfil those conditions and shall set a deadline for re-examining the request for participation.

For the purposes of this paragraph, the Council shall act unanimously and in accordance with Article 280 E.

Article 280 G

Expenditure resulting from implementation of enhanced cooperation, other than administrative costs entailed for the institutions, shall be borne by the participating Member States, unless all members of the Council, acting unanimously after consulting the European Parliament, decide otherwise.

Article 280 H

1. Where a provision of the Treaties which may be applied in the context of enhanced cooperation stipulates that the Council shall act unanimously, the Council, acting unanimously in accordance with the arrangements laid down in Article 280 E, may adopt a decision stipulating that it will act by a qualified majority.
2. Where a provision of the Treaties which may be applied in the context of enhanced cooperation stipulates that the Council shall adopt acts under a special legislative procedure, the Council, acting unanimously in accordance with the arrangements laid down in Article 280 E, may adopt a decision stipulating that it will act under the ordinary legislative procedure. The Council shall act after consulting the European Parliament.
3. Paragraphs 1 and 2 shall not apply to decisions having military or defence implications.

Article 280 I

The Council and the Commission shall ensure the consistency of activities undertaken in the context of enhanced cooperation and the consistency of such activities with the policies of the Union, and shall cooperate to that end.’

GENERAL AND FINAL PROVISIONS

- 279) Part Six shall be renumbered ‘PART SEVEN’.
- 280) Articles 281, 293, 305 and 314 shall be repealed. Article 286 shall be replaced by Article 16 B.
- 281) In Article 282, the following sentence shall be added at the end: ‘However, the Union shall be represented by each of the institutions, by virtue of their administrative autonomy, in matters relating to their respective operation.’
- 282) At the beginning of Article 283, the words ‘The Council shall, acting by a qualified majority on a proposal from the Commission and after consulting’ shall be replaced by ‘The European Parliament and the Council shall, acting by means of regulations in accordance with the ordinary legislative procedure on a proposal from the Commission and after consulting’ and at the end the words ‘servants of those Communities’ shall be replaced by the words ‘servants of the Union’.
- 283) In Article 288, the third paragraph shall be replaced by the following:

‘Notwithstanding the second paragraph, the European Central Bank shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by it or by its servants in the performance of their duties.’
- 284) In Article 290, the words ‘by means of regulations’ shall be added at the end.
- 285) In Article 291, the words ‘, the European Monetary Institute’ shall be deleted.
- 286) Article 294 shall become Article 48a.

287) Article 299 shall be amended as follows:

- (a) paragraph 1 shall be deleted. The first subparagraph of paragraph 2 and paragraphs 3 to 6 shall become Article 311a; they shall be amended as set out below in point 293.

Paragraph 2 shall not be numbered;

- (b) at the beginning of the first paragraph, the word 'However,' shall be deleted and the words 'the French overseas departments' shall be replaced by 'Guadeloupe, French Guiana, Martinique, Réunion, Saint-Barthélemy, Saint-Martin'; the following sentence shall be added at the end of the paragraph: 'Where the specific measures in question are adopted by the Council in accordance with a special legislative procedure, it shall also act on a proposal from the Commission and after consulting the European Parliament.';
- (c) at the beginning of the second paragraph, the words 'The Council shall, when adopting the relevant measures referred to in the second subparagraph, take into account areas such as' shall be replaced by 'The measures referred to in the first paragraph concern in particular areas such as';
- (d) at the beginning of the third paragraph, the reference to the second subparagraph shall be replaced by a reference to the first paragraph.

288) Articles 300 and 301 shall be replaced by Articles 188 N and 188 K respectively and Articles 302 to 304 shall be replaced by Article 188 P.

289) Article 308 shall be replaced by the following:

'Article 308

1. If action by the Union should prove necessary, within the framework of the policies defined in the Treaties, to attain one of the objectives set out in the Treaties, and the Treaties have not provided the necessary powers, the Council, acting unanimously on a proposal from the Commission and after obtaining the consent of the European Parliament, shall adopt the appropriate measures. Where the measures in question are adopted by the Council in accordance with a special legislative procedure, it shall also act unanimously on a proposal from the Commission and after obtaining the consent of the European Parliament.

2. Using the procedure for monitoring the subsidiarity principle referred to in Article 3b(3) of the Treaty on European Union, the Commission shall draw national Parliaments' attention to proposals based on this Article.

3. Measures based on this Article shall not entail harmonisation of Member States' laws or regulations in cases where the Treaties exclude such harmonisation.

4. This Article cannot serve as a basis for attaining objectives pertaining to the common foreign and security policy and any acts adopted pursuant to this Article shall respect the limits set out in Article 25b, second paragraph, of the Treaty on European Union.'

290) The following new Article 308a shall be inserted:

'Article 308a

Article 48(7) of the Treaty on European Union shall not apply to the following Articles:

- Article 269, third and fourth paragraphs,
- Article 270a(2), first subparagraph,
- Article 308, and
- Article 309.'

291) Article 309 shall be replaced by the following:

'Article 309

For the purposes of Article 7 of the Treaty on European Union on the suspension of certain rights resulting from Union membership, the member of the European Council or of the Council representing the Member State in question shall not take part in the vote and the Member State in question shall not be counted in the calculation of the one third or four fifths of Member States referred to in paragraphs 1 and 2 of that Article. Abstentions by members present in person or represented shall not prevent the adoption of decisions referred to in paragraph 2 of that Article.

For the adoption of the decisions referred to in paragraphs 3 and 4 of Article 7 of the Treaty on European Union, a qualified majority shall be defined in accordance with Article 205(3)(b) of this Treaty.

Where, following a decision to suspend voting rights adopted pursuant to paragraph 3 of Article 7 of the Treaty on European Union, the Council acts by a qualified majority on the basis of a provision of the Treaties, that qualified majority shall be defined in accordance with Article 205(3)(b) of this Treaty, or, where the Council acts on a proposal from the Commission or from the High Representative of the Union for Foreign Affairs and Security Policy, in accordance with Article 205(3)(a).

For the purposes of Article 7 of the Treaty on European Union, the European Parliament shall act by a two-thirds majority of the votes cast, representing the majority of its component members.'

292) Article 310 shall become Article 188 M.

293) Article 311 shall be repealed. A new Article 311a shall be inserted, with the wording of Article 299(2), first subparagraph, and Article 299(3) to (6); the text shall be amended as follows:

- (a) the first subparagraph of paragraph 2 and paragraphs 3 to 6 shall be renumbered 1 to 5 and the following new introductory wording shall be inserted at the beginning of the Article:

‘In addition to the provisions of Article 49 C of the Treaty on European Union relating to the territorial scope of the Treaties, the following provisions shall apply:’;

- (b) at the beginning of the first subparagraph of paragraph 2, renumbered 1, the words ‘the French overseas departments,’ shall be replaced by ‘Guadeloupe, French Guiana, Martinique, Réunion, Saint-Barthélemy, Saint-Martin’ and the words ‘in accordance with Article 299’ shall be added at the end;
- (c) in paragraph 3, renumbered 2, the words ‘of this Treaty’ shall be deleted;
- (d) in paragraph 6, renumbered 5, the introductory words ‘Notwithstanding the preceding paragraphs:’ shall be replaced by ‘Notwithstanding Article 49 C of the Treaty on European Union and paragraphs 1 to 4 of this Article:’;
- (e) the following new paragraph shall be added at the end of the Article:

‘6. The European Council may, on the initiative of the Member State concerned, adopt a decision amending the status, with regard to the Union, of a Danish, French or Netherlands country or territory referred to in paragraphs 1 and 2. The European Council shall act unanimously after consulting the Commission.’.

294) The heading ‘FINAL PROVISIONS’ before Article 313 shall be deleted.

295) The following Article 313a shall be inserted:

‘Article 313a

The provisions of Article 53 of the Treaty on European Union shall apply to this Treaty.’.