

Committee: EU Council of Ministers

Issue: The Question of Veto Power among EU Members

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Position: President

PERSONAL INTRODUCTION

Dear Delegates,

My name is Katerina Voutsas and it is my great pleasure to have been appointed as the president of this year's EU Council of Ministers, which also happens to be my favourite committee.

First of all, I would like to congratulate all of you for both, your decision to get involved in the challenging and, yet, exciting world of Model United Nations as well as being selected to participate at such a prestigious conference. Having participated in several conferences myself, both as a delegate and as a student officer, I can guarantee that MUN is an incredible experience, since you get the chance to inform yourselves about pressing issues that will define our lives in the future, cultivate your negotiating and public speaking skills and make new friends from different parts of the world.

This study guide focuses on "The Question of Veto Power among EU Members", which is really an interesting and unique topic. The main conflict is whether in a union of countries, which is supposed to foster cooperation and equality, the decisions on some issues of major importance should be made based on the majority's interests or whether unanimity should be required.

Lastly, I would like to remind you that our study guides are nothing more than comprehensive reports which contain the main information of each topic. I, therefore, urge you all to conduct your own thorough research, so that you get acquainted to your country's policy on them. This way, you will be able to actively engage in the exciting debates we will have and get the most out of your participation in this conference. Moreover, don't forget to check the rules of procedure of the EU Council of Ministers, since they slightly differ from the regular ones. In case any questions arise, feel free to contact me at voutsakate@gmail.com!

I'm looking forward to meeting you all in person,

Katerina Voutsas

TOPIC INTRODUCTION

Ever since the European Union's founding, special attention was given to respecting each country's policy and strategies on various matters, regardless of its size, population or political power. Consequently, it appeared as of high significance, that the decisions made were favourable towards most, if not all, Member States. However, as the number of participating countries was increasing, it became apparent that this form of governance lacked the flexibility and speed needed. As a result, various voting systems (for instance Qualified Majority Voting, simple majority, 2/3 majority etc) have substituted unanimity in several areas agreed by the Member States. Nevertheless, unanimity is still required in some of the EU's top priority areas, such as taxation and EU membership. When adopting legislation concerning such issues, any Member State may vote against, thus vetoing the proposed law. Recent talks and proposals by governments and EU representatives suggest that even in these areas decisions should now be made through the QMV systems, something which has caused a lot of negative reactions.

DEFINITION OF KEY TERMS

Veto

"A constitutional right to reject a decision or proposal made by a lawmaking body"¹

Qualified Majority Vote (QMV)

Qualified Majority is a voting system in which the number of each country's votes depend on its population. In order for a decision to be reached using QMV, the votes in favour also need to represent a certain percentage of the overall European population.

Unanimity

When voting using the method of unanimity, every Member State should be in favour or abstain.

BACKGROUND INFORMATION

¹ "veto." oxforddictionaries.com, Oxford Dictionaries, Web.

<https://en.oxforddictionaries.com/definition/veto>. Accessed 25th May 2019

The question of preserving or removing unanimous voting is an issue that rightfully concerns the European Union, as it can be easily translated to a debate between the countries' sovereignty and the progress of the Union as a whole. More specifically, on the one hand, some procedures could be significantly sped up if unanimity was no longer required, something which would allow the EU to become capable of responding more quickly to potential crises. However, on the other hand, this would mean that some countries' interests would not be served. The resulting social unrest and dissatisfaction would intensify the already existing Euroscepticism and perhaps lead to the EU's weakening.

Decision-making within the EU

In order to fully comprehend the issue at hand, it is of high importance that you are acquainted with the European decision-making procedure. The European Union consists of several bodies, the major ones being the European Commission, the European Parliament, the Council of the European Union and the European Council. The European Commission, which is composed by one representative from each Member State, is responsible for proposing legislation. The Council of the European Union, which consists of relevant ministers from all participating countries, and the European Parliament, whose 751 members (705 after UK's exit of the EU) are directly elected, are in charge of amending or ratifying the legislations proposed by the Commission. When adopting the aforementioned legislations one of the following methods is used, depending on the area on which the potential new law will be applied:

Simple Majority

Simple majority is used for procedural matters. More specifically, this system is applied when it comes to voting on rules of procedure within the Council or when the Council wants to submit a request that the Commission proposes legislation regarding an issue.

Unanimity

The Council of the European Union needs to reach a unanimous decision when it comes to matters that are considered to be sensitive to the Member States. Such matters include EU membership, citizenship rights, harmonization of taxation, foreign and security policy, social security, multi-annual budget etc. Please note that abstentions do not prevent a legislation under unanimous voting from passing. This system, where the Council works as a sole legislator, the Parliament's role is simply consultive and unanimity is required, is called special legislative procedure.

Qualified Majority Vote (QMV)

Qualified Majority Vote is the most widespread voting method, since it is used for all the issues that do not fall under the previous two categories (approximately 80% of decisions). In order for a European Commission's proposal to pass when voting with Qualified Majority, 55% of Member States should be in favour (16 out of 28). However, it is also necessary that the countries voting in favour represent at least 65% of the total European population. There is also the concept of the blocking minority, which basically means that if there are at least 4 Council members that represent more than 35% of the total European population, the legislation can be blocked. When this system is applied, the Council of the European Union and the European Parliament are equally responsible for ratifying or rejecting a proposal by the European Commission. This system is called ordinary legislative procedure.

What would the end of veto power mean for the EU?

It is indisputable that the abolishment of unanimity will have a significant impact to the European Union as a whole, but also to the individual Member States. Below you may find a comprehensive analysis of what's the situation going to be like if unanimous voting is no longer required in several areas of European legislation.

End of veto power concerning EU membership

One of the main goals of the EU is its enlargement or, in other words, the integration of new Member States, as this would translate to increased economic and political power, as well as stability. Ever since the beginning of the 2000s, the EU has mainly focused on the region of the Western Balkans. After several negotiations between the EU and some Balkanian countries, the European Commission published a report on February 5th 2018 outlining a strategy for six countries (Albania, Bosnia-Herzegovina, Kosovo, North Macedonia, Montenegro and Serbia), so that they manage to meet the accession criteria before 2025. The problem lies in the fact that there are ongoing territorial disputes between some EU Member States and the aforementioned candidate countries. That's the reason why a lot of countries are expected to practice their veto right and prevent these countries from entering the Union. If unanimity is no longer required when voting on such matters, the EU's enlargement will be facilitated, but there will also be negative reaction from some of its current members.

End of veto power concerning foreign policy

Unanimity is also required in the area of foreign policy for issues such as imposing sanctions of non-EU countries and deploying military forces abroad. Due to the fact that each one of the Member States has its own foreign affairs and strategy, conflicts often arise, leading to EU's incapability to reach a unanimous decision quickly enough. Several countries have stated that they are in favour of abolishing

unanimous voting in terms of foreign policy, so that the EU's approach towards international conflicts and crises is more coherent and well-timed. However, adopting Qualified Majority Voting (QMV) in matters that concern foreign policy would mean that all participating countries are sometimes willing to put their national interests aside, especially when it comes to the members with the smallest population, whose votes rarely make a difference.



Advantages of gradually replacing unanimity by QMV

End of veto power concerning multi-annual budget

In contradiction to the previous categories, a decision needs to be taken within some strict time boundaries when it comes to the EU's budget. The withdrawal of the United Kingdom from the Union has raised concerns regarding alterations to each country's annual contributions, spending priorities, the distribution of funds etc. One of the problems that has arisen is the fact that even though the European Commission has proposed increased national taxation, a lot of countries want to maintain their low tax rates, so that they can attract foreign investments. Moreover, countries such as Germany and France have suggested that in order for a Member State to be benefitted from funds, the rule of law needs to be fully respected. This proposal of course threatens the economies of countries, such as Poland and Hungary, that have recently been accused of violations of the rule of law. In general, the unanimous voting system that is currently applied on budgetary discussions allows Member States to negotiate and reach a deal that is as aligned as possible to their policies. If the Qualified Majority Voting method was chosen

instead, talks between the Member States' representatives would be limited and the budget agreed would probably not fit some of the participating countries.

End of veto power concerning taxation

This is perhaps one of the most important areas of this topic, as it has been recently discussed within the European Union. More specifically, on January 15th 2019 the European Commission issued a proposal concerning the gradual abolishment of unanimity when voting on taxation related legislations. Several drawbacks of the special legislative procedure have been identified in this section, such as the fact that often striving for compromise often leads to the adoption of "weak" legislation that does not bring the desired results. The Qualified Majority Voting is expected to speed up the adoption of laws, as well as increase the harmonization of taxation thus strengthening the European Single Market, which is based upon the idea of offering all EU citizens equal chances to trade under favourable conditions. Nevertheless, discontempt has already been expressed by Member States, such as Ireland, that refuse to increase their national taxation. The reason behind this decision is that such countries have managed to achieve great economic progress during the last years by applying low tax rates and thus attracting foreign investments and creating more job opportunities for their citizens.

Reasons Why Abolishing Unanimity Votes on Tax Policy At EU Level Would Be a Mistake

① A MAJOR INTRUSION ON SOVEREIGNTY
Determining ones own tax policy is a precondition for ones own fiscal and economic policies. Transferring these decisions to EU majorities would be a major intrusion on national sovereignty.

② A SINGLE MARKET AGAINST COMPETITION
The Single Market was created to enable competition and reduce barriers in cross-border trade. A Single Market on taxes would be, to the contrary, a battle cry against competition.

③ TAX HARMONIZATION THROUGH THE BACK DOOR
The Commission's plan sets out a path to have qualified majority votes on major tax issues. The goal could very well be the complete harmonization of all taxes across Europe.

④ LOSING OUT AGAINST GLOBAL COMPETITION
Fighting against low-tax regimes in the EU could lead to corporations and individuals moving away to countries with a friendlier environment which does not disincentive success and innovation.

⑤ FURTHER CENTRALIZATION IN BRUSSELS
The Commission has noted that getting rid of unanimity on tax policy would enable new integration efforts on a broad range of policies, from the euro to security.

⑥ MISSING SUPPORT BY MEMBER STATES
Handing over tax policy to EU institutions and the will of the majority is highly unpopular among member states, especially in the North, who fear that this is just another power grab by Brussels.

www.austriancenter.com/unanimity-on-tax-eu

Potential risks of abolishing unanimity in the field of taxation

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

Ireland

During the last years, Ireland has imposed low taxes on businesses to attract foreign investments, lower unemployment rates and overcome last decade's economic recession. However, the European Commission has recently suggested that unanimity should no longer be required for decisions concerning taxation. Consequently, if this reform is applied, it is very probable that there will be a common EU tax against US tech giants. The aforementioned tax rate is expected to be higher than the one currently applied by Ireland, as it is an attempt to reach a middle ground between the varying European tax systems. It's therefore clear that such a decision would not align to the current strategy of Ireland and that's the reason why Irish officials have stated that they " [do not] support any change being made to how tax issues are agreed at EU level".²

France

Ever since 2017, French President, Emmanuel Macron, has emphasized the importance of reforming the EU's and Eurozone's financial sector. First of all, he suggests that there is a shared Finance Minister for all European countries, so that the undertaking of common budgetary and monetary decisions is facilitated. Moreover, he has also called for the existence of a common budget for all 19 members of the Eurozone bloc. Having observed that it is not a rare phenomenon for non-Eurozone members to delay decision-making processes, he is also in favour of overcoming unanimity by creating a special parliament, which will consist of elected representatives from countries that have adopted the Euro currency. Consequently, Macron envisions a two-speed Europe that allows some countries to move towards deeper integration into the Union, even if others are still reluctant to do so.

Germany

Germany's Minister of Defense, Ursula von der Leyen, has openly supported the so-called European Defense Union. In other words, she claims that there should be a closer cooperation between EU Member States when it comes to their foreign policy, so that they manage to confront international conflicts in a more timely way.

Important representatives of Germany's political scene have also referred to altering the voting system used, when deciding upon budgetary issues. Former

² "EU wants end to national state veto on tax." Euractiv, 16/1/2019, Web.

<https://www.euractiv.com/section/economy-jobs/news/eu-wants-end-to-member-state-veto-on-tax/>. Accessed 25th May 2019

German Finance Minister, Wolfgang Schaeuble, has recently suggested that there needs to be EU finance reforms soon. First of all, he is in favour of introducing Qualified Majority Voting, since, according to him “Unanimity means the slowest [member state] can block everything”.³ Contradicting France’s proposal, he claims that the post of a common European Finance Minister should not be created, unless some other issues are solved first, such as the establishment of a common Eurozone budget. He justifies this statement by saying that if these changes are not accomplished, the position of the aforementioned Minister will be solely symbolic.

BLOCS EXPECTED (OPTIONAL)

It is clear that a country’s policy is probably not completely the same on all sub-categories of this matter. Nevertheless, there are two general blocs that can be formed.

Bloc A

On the one hand, there are the biggest and most economically advanced countries, whose policies are to a high extent already aligned in numerous crucial issues. Their aim is to convince the rest of the Member States to follow their lead and adjust their strategies as much as possible thus accelerating the integration process and the formation of a common European scheme. It is also important to remember that, due to their large population, most of these countries can affect significantly the result of a voting conducted using the Qualified Majority Vote method.

Bloc B

On the other hand, the countries with the smallest populations fear that by giving up their veto power, they risk being exploited by the European MEDCs and being forced to adopt legislation that is not favouring their national interests. Despite the fact that the EU’s duty is to support equality among its members, sometimes the views of the countries belonging to this bloc are not taken into consideration to the extent that they should, as they may contradict to other members’ interests. Unanimity has managed to control this problem so far and, consequently, the chance of this method being abolished is not viewed positively by all parties.

TIMELINE OF EVENTS

³ Pearson, Alexander. “Germany’s Wolfgang Schaeuble calls for EU reform.” Deutsche Welle, 18/2/2019. Web.
<https://www.dw.com/en/germany-s-wolfgang-sch%C3%A4uble-calls-for-eu-reform/a-47562239>. Accessed 25th May 2019

Date	Description of event
1957	Treaty of Rome
2001	Treaty of Nice
2007	Treaty of Lisbon
June 2017	Greece vetoes the publication of a statement towards the human rights crisis in China, marking the first time that the EU didn't make any statements at the United Nations Human Rights Council.
15th January 2019	European Commission proposes to end veto power concerning taxation
February 2019	Italy's veto prevents the EU from adopting a common tough policy concerning the Venezuela crisis.

RELEVANT RESOLUTIONS, TREATIES AND EVENTS

Treaty of Rome (1957)

The Treaty of Rome, which was signed by the six founding countries of the European Economic Community (EEC), introduces the method of Qualified Majority Vote as a means of voting within the Council of the European Union. Each country was given a specific amount of votes according to its population (Germany, France, Italy: 4 votes each, Belgium, Netherlands: 2 votes each, Luxembourg: 1 vote). In order for a legislation proposed by the European Commission to pass, 12 votes at least were needed. If the legislation was not proposed by the European Commission, 12 votes were required, coming from 4 or more Member States. The Treaty of Rome has been amended multiple times since then, so that it adjusts to the increase of the EU's members.

Treaty of Nice (2001)

According to the Treaty of Nice, a triple majority threshold was needed, in order for a legislation to pass, when voting using the Qualified Majority Voting procedure. In other words, 74% of Member States needed to vote in favour, representing at least 62% of the overall population.

Treaty of Lisbon (2007)

The Treaty of Lisbon, or alternatively the Reform Treaty, was signed in 2007 and its main goal was to slightly alter the two main EU Treaties, namely the Treaty of Rome and the Maastricht Treaty, and adjust them to the constantly changing Europe

of the 21st century. Some of the alterations proposed concern the voting system, which under this Treaty takes the form it has today. First of all, the procedure, where the Parliament and the Council have an equal saying in the decision-making process, is expanded and applied to even more issues. However, in some matters that are deemed sensitive unanimous voting is maintained. The Qualified Majority System used is also reformed and, as of 2004, 55% of Member States representing at least 65% of the European population need to vote in favour of a legislation, in order for it to pass.

POSSIBLE SOLUTIONS

Based on your country's stance on the topic you may propose to maintain or abolish unanimous voting from some or all the areas it is currently applied. Either way it is crucial that you propose solutions that will strengthen the bonds within the EU's Member States and thus deepen their integration. In this case, it will be easier to reach a common decision on several issues, since the countries' policies will be better aligned. At the same time the risk of infringing a country's sovereignty, as a result of Qualified Majority Voting, will be decreased.

However, you should also keep in mind that during the past years there have been some creative European initiatives that help countries "overcome" unanimity. For example, enhanced cooperation is a mechanism that allows at least nine Member States, whose interests are aligned, to collaborate with each other and adopt legislation, even if the rest of the countries do not want to participate. It is, nevertheless, crucial that the aforementioned legislation does not contradict EU treaties. So far it has been used, for instance, to create a unitary European patent, but in the future similar methods could be applied in more conflicting issues such as taxation. What you need to keep in mind though is the fact that this could perhaps lead to a "multiple-speed Europe", whose members do not integrate in the same pace.

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