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*Annex A***A glossary of major EU institutions and bodies**

The *European Council*. It consists of the Heads of State or Government of the EU member states. It meets at least three times a year and the President of the European Commission attends. The European Council defines the general policy objectives and guidelines.

The *Council of Ministers*. It is composed of one representative at ministerial level from each member state, who is empowered to commit his government. Council members are politically accountable to their national parliaments. Which Ministers attend each Council meeting varies according to the subject discussed. Thus, Ministers for Foreign Affairs attend the General Affairs and External Relations Council to deal with external relations and general policy questions, and so on. This is why the expression "different formations of the Council" is normally used.

The *Council of Economic and Financial Affairs (Ecofin)*. It is composed of the Ministers for Economy and/or Finance, and functions as described above. It largely deals with economic policies and public finance issues.

The *Competitiveness Council* is composed of European Affairs Ministers, Industry Ministers or Research Ministers, depending on the agenda and it deals with internal market, industry and research related policies.

The *Employment, Social Policy, Health and Consumer Affairs Council*. It comprises the Ministers for Employment and Social Affairs, functions as described above, and largely deals with employment and social policies.

The *Eurogroup*. It is composed of the Finance Ministers of the euro area countries and assesses the economic situation and discusses the major policy issues for the euro area, in an informal setting. The Commission, and the ECB when appropriate, are invited to take part in the meetings.

The *European Parliament*. It is the assembly of the 786 representatives of the Union's citizens, elected by direct universal suffrage, and reflects the size of the member states' population. It is involved in the legislative process to different degrees depending upon the field, approves the appointment of the Commission, can question the Commission and Council, and shares budgetary powers with the Council.

The *Parliament's Committee on Economic and Monetary Affairs*. This committee is responsible for matters relating to EMU, including relations with the ECB; tax harmonisation and tax provisions relating to the free movement of goods, persons, services and capital in the internal market; and financial services and aspects related to prudential supervision and monitoring of such services.

The *European Commission*. As from 1 November 2004, it will be composed of 25 commissioners, one per country, including a President and the Vice-Presidents,

appointed by agreement among member states, subject to a vote of approval by the European Parliament. The Commissioners are assisted by an administration that consists of directorates-general and specialised departments. It is a body with powers of legislative initiative, implementation, management and control. It is the guardian of the Treaties and the embodiment of the interests of the Community. It covers virtually all standard governmental competencies.

*The European Court of Justice.* It is the top judicial institution of the Community, safeguarding the legal system of the Community. Its judges must ensure that Community law is not interpreted and applied differently in each member state, that as a shared legal system it remains a Community system and that it is always identical for everybody.

*The European System of Central Banks (ESCB) and the Eurosystem.* The ESCB is composed of the *European Central Bank (ECB)* and the national central banks (NCB) of all 25 EU member states. The "Eurosystem" is the term used to refer to the ECB and the NCBs of the member states which have adopted the euro. The primary objective of the Eurosystem is to maintain price stability. Without prejudice to this objective, it supports the general economic policies in the Community and acts in accordance with the principles of an open market economy. The basic tasks to be carried out by the Eurosystem are to define and implement the monetary policy of the euro area; to conduct foreign exchange operations; to hold and manage the official foreign reserves of the member states; and to promote the smooth operation of payment systems. In addition, the Eurosystem contributes to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.

*The Economic and Financial Committee.* It consists of representatives of national administrations and national central banks, the European Commission and the ECB. Its main task is to prepare (Ecofin) Council discussions and decisions with regard to economic and financial matters.

*The Economic Policy Committee.* It is a group of senior officials from finance and/or economics ministries and central banks (four from each member state plus representatives of the Commission and the ECB) whose main task is to contribute to the preparation of the work of the Council. It particularly focuses on economic reforms and the quality and sustainability of public finances.

*The Economic and Social Committee.* It consists of representatives from employers' and employees' federations and of representatives of particular types of activity (for instance, farmers, craftsmen, professions or consumers) and is consulted on issues concerning the internal market, education, consumer protection, environment, regional development, social affairs, public health and equal opportunities.

*The Employment Committee.* Formerly the Employment and Labour Market Committee was renamed by the Treaty of Amsterdam. It consists of two representatives from each member state and the Commission. Its task is to assist the Council with its responsibilities in the fields of employment and labour market policies.

*The Social Protection Committee.* It consists of two representatives from each member state and two of the Commission. Its role is to monitor the development of social protection policies, promote exchanges of information, experience and good practice and prepare reports.

*The Standing Committee on Employment.* It ensures the tripartite dialogue of the Community and the social partners (employers and workers) with a view to facilitating the co-ordination of member states' employment policies. On the Community side, representatives from the Council (or governments of the member states) and the Commission participate.

## Acronyms and abbreviations

APW	Average production worker
BEPG	Broad economic policy guidelines
CAP	Common Agricultural Policy
ECB	European Central Bank
EDP	Excessive Deficit Procedure
EFTA	European Free Trade Association
EMU	Economic and Monetary Union
EPL	Employment protection legislation
EPO	European Patent Office
ERDF	European Regional Development Fund
ERM II	Exchange Rate Mechanism II
ESCB	European System of Central Banks
EU	European Union
EU15	15 members of the European Union before the May 2004 enlargement
EU25	25 member countries of the European Union
EUR	Euro
FDI	Foreign direct investment
FSAP	Financial Services Action Plan
GAAP	Generally accepted accounting principles
GBP	Pound sterling
GDP	Gross domestic product
HICP	Harmonised index of consumer prices
IAS	International Accounting Standards
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
JPO	Japanese Patent Office
M1	Money aggregate: Currency in circulation and overnight deposits
M2	Money aggregate: M1 and other short-term deposits
M3	Money aggregate: M2 and marketable instruments
MCI	Monetary conditions index
MFI	Monetary and financial institutions
MFP	Multifactor productivity
NAIRU	Non-accelerating inflation rate of unemployment
NASDAQ	National Association of Securities Dealers Automated Quotation System
NCB	National central bank
NUTS	<i>Nomenclature des unités territoriales statistiques</i> (Nomenclature of territorial units for statistics)

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<b>NYSE</b>	New York Stock Exchange
<b>OCA</b>	Optimum currency area
<b>PPP</b>	Purchasing power parity
<b>PPS</b>	Purchasing power standard
<b>R&amp;D</b>	Research and development
<b>RCAP</b>	Risk Capital Action Plan
<b>RDR</b>	Rural Development Regulation
<b>SDR</b>	Special drawing rights
<b>SFP</b>	Single Farm Payment
<b>SGP</b>	Stability and Growth Pact
<b>UCITS</b>	Undertakings for the Collective Investment of Transferable Securities
<b>UMTS</b>	Universal Mobile Telephone Systems (third generation mobile telephone systems)
<b>US</b>	United States
<b>USD</b>	United States dollar
<b>USPTO</b>	United States Patent and Trademark Office

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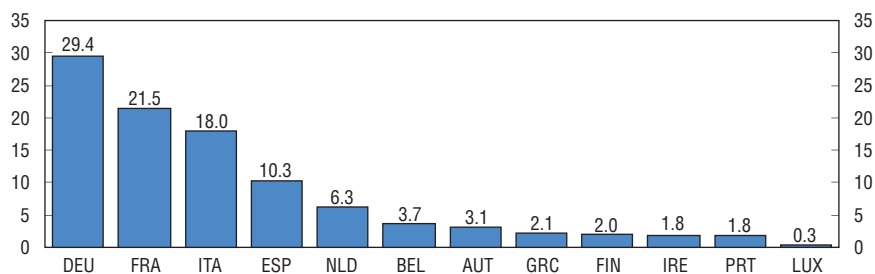
## BASIC STATISTICS 2003

	Euro area	United States	Japan
<b>LAND AND PEOPLE</b>			
Area (thousand km <sup>2</sup> )	2 456	9 167	395
Population (million, in 2002)	304.9	288.6	127.4
Number of inhabitants per km <sup>2</sup>	124	31	323
Population growth (1995-2002, annual average % rate)	0.3	1.3	0.2
Labour force (million)	142.6	146.5	66.7
Unemployment rate (%)	8.8	6.0	5.3
<b>ACTIVITY</b>			
GDP (billion USD, current prices and exchange rates)	8 183.4	10 857.2	4 300.9
Per capita GDP (USD, current prices and PPPs, in 2002)	25 566	36 121	26 852
In per cent of GDP:			
Gross fixed capital formation	19.8	18.4	23.9
Exports of goods and services	18.8	9.5	11.8
Imports of goods and services	17.1	14.1	10.2
<b>PUBLIC FINANCES</b> (per cent of GDP)			
General government: Revenue	45.3	30.7	29.2
Expenditure	49.0	35.7	37.7
Balance	-2.7	-4.8	-8.0
Gross public debt (end-year)	76.2	62.8	157.3
<b>EXCHANGE RATE</b> (national currency per euro)			
Year average		1.13	131.0
January		1.06	126.1
December		1.23	132.4

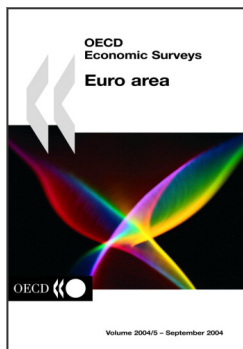
### EURO AREA – EXTERNAL TRADE IN GOODS (main partners, % of total flows, in 2002)

	Exports	Imports
Denmark, Sweden, United Kingdom	23.8	19.4
New European Union member countries	10.3	9.4
Other Europe	15.2	15.3
OECD America	19.6	14.9
OECD Asia/Pacific	5.6	8.6
Non-OECD dynamic Asian <sup>1</sup> and China	7.1	11.9

### SHARE IN EURO AREA GDP (current market prices)



1. Chinese Taipei; Hong Kong, China; Indonesia; Malaysia; Philippines; Singapore and Thailand.



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