German Court Questioning ECJ

Why in news?

Germany's constitutional court has questioned the legality of a past ruling of the European Court of Justice (ECJ).

What is the ECJ?

- The European Court of Justice (ECJ) is the supreme court of the European Union (EU) in matters of EU law.
- It is a part of the Court of Justice of the European Union (CJEU).
- The Luxembourg-based court was found in 1952 after the Treaty of Paris.
- It ensures that EU law is interpreted and applied the same in every EU country.
- It ensures that countries and EU institutions abide by EU law.
- It settles the legal disputes between national governments and EU institutions.
- In terms of hierarchy, the national courts of member countries are below the ECJ in matters of EU law.

What was the ECJ's 2018 verdict?

- In 2018, the ECJ had ruled that a EUR 2 trillion bond-buying scheme of the ECB was legal as per EU law.
- This scheme aimed at reinvigorating the EU economy after the multi-year European debt crisis.

What is the German Court's verdict?

- In Germany, opponents of the scheme had for years complained to the German Constitutional Court, the country's highest.
- The German Court in turn had expressed its concerns on parts of the scheme in 2017.
- It ruled that the ECJ's 2018 ruling was "ultra vires", meaning beyond the latter's legal authority.
- It said that the ECJ did not properly address whether the ECB scheme was justifiably suited for the EU economy.
- It said that the ECJ's verdict failed to consider the importance of the proportionality principle that applies to the division of competences between

the EU and the Member States.
- The German court has now given the ECB three months to prove that the bond-buying scheme was proportionate as per the EU's actual needs.

What was the response of the EC?

- After the German ruling, the European Commission (EC) underlined the supremacy of the ECJ.
- The EC said that notwithstanding the analysis of the detail of the German Court decision, they reaffirm the primacy of the EU law.
- In addition, it reaffirmed that the rulings of the ECJ are binding on all national courts.

What is the significance of the verdict?

- The German ruling came to the delight of Eurosceptics, and was echoed by governments that have been in the EU's crosshairs.
- Poland said that the German verdict is of tremendous importance for it.
- Critics of the German verdict said that the Court could strike at the legal foundations of the 27-member zone.
- The resultant power struggle between the two courts could lead to a rewriting of EU treaties, which in itself a highly contentious process.
- This verdict is seen as a challenge to the long-settled hierarchy of EU judiciary.
- Some economists have also slammed the judges' understanding of monetary policy of both the German and EU courts.
- Experts believe that national courts in Poland and Hungary would follow the precedent set by Germany in challenging the EU court's orders.

Source: The Indian Express

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