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## EEC in disarray after split over treaty conference

BY QUENTIN PEEL

THE EUROPEAN Community was yesterday left in public disarray by the split among the heads of government at their summit in Milan over whether to hold a conference to amend the founding Treaty of Rome.

Plans for the conference remained in doubt yesterday after a stormy meeting which left Britain in a minority of three with Denmark and Greece. Despite the majority decision to proceed with a full conference, neither the mandate to hold one nor the attendance of member-states was agreed.

Denmark, in particular, was threatening to stay away. Mr Poul Schluter, the Danish Prime Minister, made clear after the meeting that he would not agree to any formal amendment of the Treaty of Rome, which would have to be unanimously approved by all 10 member states.

He said his Government would decide whether to attend the conference, planned to be convened before the end of October, only when he saw what arrangements would be proposed by the EEC foreign ministers.

Moreover, Luxembourg, which today takes over the presidency of the Council of Ministers, will have to launch attempts to patch up the differences between the member

states ahead of the foreign ministers' meeting later this month.

The foreign ministers will also have to take the formal decision to proceed with any conference only after the European Parliament has been consulted at its July session.

In London, Mrs Margaret Thatcher, the British Prime Minister, will make a full statement to the House of Commons tomorrow. The opposition parties will seek to criticise her and the Foreign Office about what they see as the embarrassing mishandling of the talks. Most Conservative MPs, however, are likely to express strong support for the stand she took over treaty amendments.

Dr David Owen, the SDP leader, last night accused Mrs Thatcher of wielding a blunderbuss in her dealings with her European partners when what Britain and Europe needed was a rapier. She had, he said, demonstrated a lack of political finesse.

The confrontation, precipitated by Sig Bettino Craxi, the Italian Prime Minister, when he called for an unprecedented informal vote on the question, effectively prevented any further immediate action being taken to speed up the decision-making process of the Community.

The member-states also put off any decision on extending their foreign policy co-operation, including

aspects of security, as proposed by Britain, France and West Germany.

The Milan summit, intended to provide a wide-ranging debate and decisions on galvanising the Community and extending its field of action, ended in outright confrontation between the majority seeking full legal reforms, and the minority urging pragmatic steps to streamline its development.

Any attempt to get further substantive decisions out of the Milan meeting was blocked by Mr Andreas Papandreu, the Greek Prime Minister, when he demanded unanimous agreement on any changes in voting procedures in protest at the conference decision.

The outcome was a clear setback for Mrs Thatcher, who had set out with the aim of getting immediate agreement in principle on a package of measures which would not require treaty amendment, both to increase majority voting and restrict use of national vetoes and to formalise foreign police co-operation.

The dispute over the institutional questions overshadowed agreement by the heads of government on a set

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After the EEC summit

# Why it all went wrong

By Quentin Peel in Milan

EVEN in the annals of the European Community, there can scarcely have been an occasion when appearances were more divorced from reality.

As fireworks in the green and white of the European federalist movement burst over the mediaeval Castello Sforzesco in Milan, on Saturday night, and champagne corks popped in the courtyards, the leaders of the EEC were licking their wounds after a bruising two-day summit which left them deeply and publicly divided on questions of fundamental principle.

Signor Bettino Craxi, the Italian Prime Minister, and host of what was billed as the launching pad for a decisive move towards European Union, declared it all a resounding success. "The European Council has swept away paralysis and introversion," he declared. "We have taken a significant step forward."

Sig Craxi was referring to the bitterly disputed decision, with seven in favour and three against, to press ahead with a fully-fledged inter-governmental conference to amend the Community's founding Treaty of Rome.

He was also describing a meeting which in reality had signally failed to reach any substantive decision on ways of immediately speeding up the creaking decision-making processes of the EEC, so that the promised goal of removing all the remaining barriers to a single Community-wide market can be realised by 1992.

The split between the six founder members of the Community, joined by Ireland, and the unlikely alliance of Britain, Denmark and Greece, was precipitated by Sig Craxi's insistence on the unprecedented move of calling an informal vote at a summit.

It immediately gave rise to two opposite interpretations. There were those, like Chancellor Helmut Kohl of West Germany, and Mr Wilfried Martens, the Belgian Prime Minister, who seemed to welcome the open confrontation. "At least we now know where we all stand," was the gist of what they said.

Others, predictably led by Mrs Margaret Thatcher, the British Prime Minister, saw the outcome as a sorry display of indecision and division. "We came here with high hopes," she said. "We were prepared to take decisions

on practical steps forward. We have not made the progress we sought. Others have postponed it to another conference."

In effect, the outcome of Milan means that efforts to galvanise the Community, and restrict the power of individual members to block and delay its decisions, will now almost certainly be left to a conference where all decision must be unanimous. It raises the prospect of a so-called two-speed Community, with the Seven pressing ahead to greater economic and political union, and the Three hanging back, unwilling to abandon the same degree of national autonomy. The chances of reform before Spain and Portugal join in January are decidedly slim.

So where did it all go wrong? With a full 12 months of preparation for the Milan summit, the divisive question of Britain's budget rebate resolved last June at Fontainebleau, and all supposedly set for some clearcut progress, who dropped the ball.

The groundwork for Milan was done by the committee of wise men set up by the EEC leaders at Fontainebleau, chaired by Senator Jim Dooge of Ireland, and made up of the personal representatives of the

## Seven were prepared to go all the way

heads of government. But even in this forum, the division of seven to three — or at least six to three, with Ireland on the fence — was apparent.

Seven were prepared to go all the way and amend the Treaty of Rome, so that on areas of practical policy, decisions should not have to be taken unanimously, but by qualified majority voting. The insistence on unanimity, on questions like changing legal barriers to the open internal market, recognition of professional qualifications and right of establishment, and tax harmonisation, has made progress agonisingly slow.

Six of the seven were also prepared to drop all reference to the infamous Luxembourg compromise, the unwritten formula by which member states can cite their "vital national interest" to block or delay

other decisions which can already be taken by majority vote.

Britain, Denmark and Greece, on the other hand, all argued in differing ways that there was no need to amend the treaty; what was needed was the political will to move forward. Along with Ireland, they wanted to keep the right of veto.

In the run-up to Milan, there were many in Whitehall who thought Britain, in spite of the divide, had played her cards rather well. What was the point in calling a conference without unanimity, they argued, even if there was obviously a lot of support for the idea in Italy, the Benelux countries, and the European Parliament. Chancellor Kohl and President Mitterrand, moreover, seemed yet to be convinced, unlike their representatives on the Dooge committee.

Into the vacuum, the British pitched their plan for a good-looking package of measures which stopped short of actual treaty amendment: a decision at summit level on various ways of more majority voting, and making use of the veto more difficult; a legal agreement on more foreign policy co-ordination, including some security questions; and a rather limited commitment for more genuine consultation with the European Parliament.

All of these, said Britain, could be decided by the Heads of Government themselves without delay.

The British plan failed at Milan for a variety of reasons.

In the first place, with memories of the Budget deal still vivid, it aroused a general suspicion among her EEC partners that Mrs Thatcher might get away again with picking and choosing exactly the bits of the Community she wanted, without making any concessions to other nations' priorities.

Secondly, it gravely underestimated the determination of Paris and Bonn to retain their role as effective Community pacemakers. Thus came the virtually unheralded announcement on the eve of the summit of a Franco-German draft Treaty for European Union. It was no more than a watered-down text of the British proposed agreement for more political co-operation, with a new secretariat in Brussels — but it was enough to upset the apple cart.

The third miscalculation was



European leaders (front) and Foreign Ministers (behind) ahead of the weekend talks

over the determination of Italy, in the crucial role as president of the Community for the last six months, to set up an inter-governmental conference as a symbol of its commitment to the ultimate goal of European Union.

The British plan may also have set too little store by the dedication of the smaller member states—in particular Belgium, the Netherlands and Luxembourg—to see the institutions of the Community reinforced, and not simply to make the economic community work more efficiently.

members assume as their right. The summit meeting on Friday and Saturday, meanwhile, was certainly no event for the faint-hearted. On several occasions, talks were actually suspended to allow tempers to cool.

Sig Craxi's decision to take a vote certainly caused a storm, and by all accounts took the British delegation by surprise. It also infuriated Mr Andreas Papandreu of Greece for riding roughshod over the principles of consensus.

Even so it looked as if a workable compromise might emerge. Throughout Saturday afternoon, texts were flying backwards and forwards seeking to include not only the commitment to a conference, but also the immediate British package of measures to increase majority voting.

It was only when the process was well advanced, that they all realised just what Mr Papandreu was saying: that they could have one thing or the other, but not both the confer-

ence and the majority voting. His cold fury ran directly into the Presidency's commitment to a conference: if one thing had to give, Sig Craxi decided it was the immediate measures on majority voting.

The outcome of the summit remains far from clear. Legally, the decision to call a conference will not be confirmed until the Parliament has been consulted.

This means the whole bitter debate will be reopened at the next meeting of Foreign

## What is missing is political will at the top

Ministers, in Luxembourg later this month.

That meeting will also have to try again to fix a clear conference mandate, watered down by the summit to broad generalities. But that very process threatens to abort the conference before it begins: if the mandate is too specific, and commits the conference to amendments of the treaty, then Denmark may refuse to attend it. The Danish Government remains adamant that it will not countenance any change in the treaty.

As for the Seven, it is argued that they have a much more united front than the Three. Denmark, it is admitted, has theological objections to treaty amendment. Greece's opposition might better be described as visceral. But the UK, is still seen as a possible convert. "If

we can actually get her to the trough, she will drink," is the view of one Foreign Minister.

Without unanimity, however, the Treaty of Rome remains, and all the existing institutions as they stand. The Seven could then only press ahead with a separate agreement, even different institutions. No one has dared suggest that yet.

A two-speed Europe would not appear to be a juridical possibility, but rather only a practical one: by pragmatic agreements amongst the Seven to agree on co-ordinated policies, say on faster removal of frontiers. That is already happening with Benelux, France and Germany. On most other measures of economic and political co-ordination, Britain would be up with the leaders, not at the back of the pack.

The conference, or the Foreign Ministers, could very probably agree on more formal political co-operation, as now proposed by Britain, France and Germany. It will have to reassure neutral Ireland, as well as the Danes and Greece, but the outlines are already clear.

What is missing, as Milan all too brutally demonstrated, is the political will at the very top. What also needs to be overcome is a very real divide in European psychology: between those for whom the political symbols come first—and the conference is seen as one—and the practical steps are assumed to follow; and those like Britain who would take it the opposite way round. They may be talking about the same things, but they cannot see it.