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# Ten crucial days in race to save euro

By FT Reporters

When finance ministers from the 17 eurozone countries sat down to dinner last night in Brussels, they kicked off a 10-day whirlwind of high-level meetings, parliamentary votes and diplomatic gatherings that could prove pivotal to Europe's increasingly frantic efforts to rescue the single currency.

The culmination will be a summit meeting in Brussels on December 8-9, when European leaders may agree to overhaul the European Union treaties for a historic leap forward in the bloc's economic and political integration.

Moves towards a fiscal union could give the European Central Bank reassurance to intervene more heavily in eurozone bond markets.

The meetings are unfolding against a growing sense of despair in financial markets and are fraught with potential for missteps.

"This summit really is a last chance," said one EU official. Yet he bemoaned the continued disagreements between Germany and France – the eurozone's biggest economies – over the central challenges to resolving the crisis. "We could be left naked."

Finance ministers from all 27 EU members will meet in Brussels today to discuss ways to ensure liquidity for Europe's increasingly credit-starved banks. Attention will then shift to France.

**Thursday**
Nicolas Sarkozy, the French president, will deliver an eagerly awaited speech explaining how he intends to drag the country, and the eurozone, out of the latest mire.

Mr Sarkozy has a difficult balancing act to strike in justifying the need to pool greater powers to ensure fiscal discipline, including the threat of sanctions, without alienating the significant numbers of his Gaullist supporters who are hostile to handing more sovereignty to Europe.

Fellow European leaders, and above all Angela Merkel, the German chancellor, will listen closely to Mr Sarkozy's on how to establish new fiscal rules.

**Friday**
Mr Sarkozy will host David Cameron for a bilateral meeting in Paris, where the task will be to persuade the British prime minister that whatever moves the eurozone makes to deepen its

economic integration will not adversely affect the 10 EU members outside the single currency club or endanger the smooth functioning of the single market. Mr Cameron got short shrift from the French president at an earlier EU meeting when he insisted on a say in planned eurozone governance changes.

**December 5**
Italians will get their first real understanding of the "sacrifices" they must make under Mario Monti's new technocratic government when the cabinet is expected to approve deficit-cutting measures and reforms to promote economic growth. Mr Monti's eurozone counterparts have been anxious for him to spell out his plans before the EU summit.

**December 7**
Greece's parliament is due to approve an austere 2012 budget that was a key plank of its bail-out programme. It assumes the economy will shrink by another 2.8 per cent on top of a 5.5 per cent contraction this year, a fifth straight year of recession.

Meanwhile Mr Sarkozy and Ms Merkel will attend a meeting of centre-right leaders in Marseilles. In the margins, they may try to hammer out an agreement on how much sovereignty they are prepared to give up in the cause of greater fiscal discipline.

**December 8-9**
The ECB will take centre stage when its rate-setting committee meets in Frankfurt. The bank is expected to step up its crisis response, with likely measures including offers to eurozone banks of loans lasting up to three years.

The ECB could broaden the range of collateral it accepts in return for providing liquidity.

Other options include a cut in the ECB's main interest rate. The big question will be whether the ECB is prepared to expand its bond purchasing programme.

Later, eurozone leaders will gather for dinner in Brussels to discuss their latest plans to contain the crisis. Some will argue that only if Berlin is prepared to commit more resources, or allow the ECB to do so, will the eurozone be saved.

The German chancellor will strike a hard bargain: she will demand that eurozone members agree to more central oversight over their budgets with possibility of automatic fines or even corrective action enforced by the European Court of Justice. Will other leaders accept and what can they expect in return?

The talks will continue with all 27 EU leaders. Will non-euro members, such as Britain, which has no intention of joining the single currency, and Poland, which fears being left behind, play along? Even if they do, the markets will take convincing that slow moves towards fiscal union are the answer to the crisis.

*Reporting by Joshua Chaffin, Alex Barker, Hugh Carnegy, Guy Dinmore, Ralph Atkins and Kerin Hope*