

FINANCIAL TIMES

December 9, 2011 9:19 am

Britain agrees two-speed Europe

39

By George Parker in Brussels



David Cameron's decision to wield his veto over a new EU treaty in the early hours of Friday morning will keep the constitutional lawyers busy for months; the raw political consequences of what happened on a stormy Brussels night are already becoming clear.

This was the moment where Britain agreed in the clearest terms yet to a formalised two-speed Europe. There will not be any balance between the two sides either: so far only Britain has decided to stay outside the new treaty, while Hungary, the Czech Republic and Sweden are considering whether to join.

France and Germany have already made clear that they want the countries inside the new group to develop their own policies in areas like labour law, tax harmonisation and financial regulation, reinforcing the sense of Europe moving in different directions.

But the raw emotion of the talks will stay long in the collective memory. These were European leaders, exhausted by months of dealing with the eurozone crisis, trying to strike a deal with Mr Cameron in the middle of the night – and failing.

The British prime minister's decision to defend the City of London – seen by some in Europe as a root cause of the continent's economic problems – will only fuel the belief in some capitals that the UK is no longer a partner it can do business with.

Does that matter? The lawyers are already debating whether this new eurozone plus grouping can use the European institutions – like the European Commission – to help draw up these new policies.

“Clearly, the institutions of the European Union belong to the union, they belong to the 27. They are there to do the things that are in treaties that we have all signed up to over the years. That is an important protection for Britain,” Mr Cameron said.

But British officials fear that over time the Commission will start to work intimately with this inner group, committed to more European integration, and drawing up policies for the rest of Europe over which Britain will have no say.

Some will argue that that does not matter. But Britain does 50 per cent of its trade with other European countries and has long seen it as a prime national interest to influence policies that affect that relationship.

Mr Cameron can return to the Commons on Monday able to insist that he defended Britain's interests, but the strains inside his coalition may also become hard to manage.

William Hague, foreign secretary insisted: "The policy that we're implementing here is the agreed policy of the coalition government." Indeed Nick Clegg was fully involved in planning the negotiating strategy.

But Vince Cable, Lib Dem business secretary, is among those who believe Mr Cameron should have done a deal at 27 and that he was devoting far too much time to trying to protect his friends in the City of London.

Meanwhile will Mr Cameron's defiance be enough to satisfy his backbenchers? Some Tories, including Iain Duncan Smith, work and pensions secretary, have said a referendum would be required on any deal that changes the nature of Britain's relationship with the EU.

He is not alone. And few would dispute that what happened in Brussels in the early hours of Friday has changed that relationship fundamentally.

Printed from: <http://www.ft.com/cms/s/0/4d89a2ba-2244-11e1-acdc-00144feabdc0.html>

Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others.

© THE FINANCIAL TIMES LTD 2011 FT and 'Financial Times' are trademarks of The Financial Times Ltd.