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EU foreign ministers discuss integration

By Quentin Peel in Berlin

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Ten EU foreign ministers have spelt out radical suggestions to use the eurozone debt crisis as a springboard towards closer integration, including creation of a European monetary fund, a European army and a European finance minister.

The German-inspired initiative is intended to stimulate debate on radical new steps towards political union to be launched by EU leaders at their summit at the end of the month. It is also hoped that it will galvanise thinking in other member states about steps towards “political union”.

On the economic front, the ministers suggested the creation of a European framework for restructuring or winding-up ailing banks, as well as tougher rules to reinforce economic co-operation – including setting strict guidelines for social spending – and a stronger role for EU institutions in fixing national budgets.

“We should take advantage of the crisis to take a historic step towards more integration,” said Guido Westerwelle, German foreign minister, when he spelt out the initial thinking of the study group on the future of Europe.

The group involves Mr Westerwelle’s counterparts from France, Italy, Spain, Poland, the Netherlands, Austria, Belgium, Portugal and Luxembourg.

Most of the ideas under consideration – described as “a personal contribution to a debate we consider essential” – are likely to be regarded as anathema by the UK government, whose foreign secretary William Hague was the most significant absentee from the group’s talks.

The ministers said overcoming the current economic, financial and debt crisis in Europe “has absolute priority [but] charting a course for the future of Europe beyond the current crisis will ultimately help us solve the pressing challenges immediately ahead of us”.

Mr Westerwelle said he had invited the nine foreign ministers to join the group in order to contribute to a more profound debate outside Berlin on swift moves towards closer “political union” as the essential underpinning of economic and monetary union.

“The forces of renationalisation have to be countered by pro-European arguments,” the German foreign minister said on Tuesday. “Only a long-term perspective for Europe will restore the confidence that we also need to come out of the debt crisis now.”

The ministers backed a “three pillar” approach to resolving the crisis, combining budget consolidation, boosting economic growth and competitiveness, and solidarity, a significant rebalancing of the traditional German emphasis on budget discipline as a precondition for the other two.

While closer integration and stronger European surveillance of economic and budget policies are needed, they said, such moves will require greater democratic legitimacy at a European level.

They suggested creating a directly-elected president for the European Commission, and “a veritable two-chamber parliament for Europe” based on the present European parliament and the Council of Ministers.

While it is clear that several of the suggestions do not have unanimous support from the 10, all have agreed to publish the interim report as a contribution to wider debate.

They all agreed that the European Stability Mechanism – the €500bn permanent eurozone rescue fund – “could be developed into a European Monetary Fund”, but “there were differing views expressed on the question of mutualisation of sovereign risk”, shorthand for opposition from Germany and the Netherlands, in particular, to jointly-guaranteed eurozone bonds.

They all said they want to inject new dynamism into common foreign and security policy. On defence, “most foreign ministers feel that we should be more ambitious,” developing a long-term European policy.

“For some members, this could include a European army”, they said.

Although France was represented in the meetings, Laurent Fabius, the new French foreign minister, will join the group’s discussions for the first time in July, officials said.

French support for the German initiative is seen as critical to the success of any ideas that may emerge from it. British opposition, on the other hand, is taken for granted

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