

# A week of tactical shifts as Blair threads his way between the fast and slow lanes

BY ANDREW GRICE AND KATHERINE BUTLER in London AND STEPHEN CASTLE in Paris

"A BIT MORE to the middle" the photographers shouted at Tony Blair on Thursday night as he huddled in the breeze beside Gerhard Schröder on Berlin's Glienicke Bridge, the spot where East and West used to exchange Cold War spies.

Later the two would dine together, and Mr Blair would politely but firmly warn the German Chancellor off a blueprint to split the European Union into two tiers, allowing France, Germany and others to forge ahead, leaving Britain on the sidelines.

There is little doubt Mr Blair expressed his concern to Mr Schröder. But moments after the photocall Mr Blair took reporters by surprise by making what sounded like upbeat comments on the Franco-German proposal. He had "no problems whatsoever" with French President Jacques Chirac's call for a core of "pioneer" countries who wanted to speed ahead with closer co-operation.

Privately, British ministers are alarmed by President Chirac's call. The proposals sound ominously like what Foreign Office officials describe as their "nightmare scenario" - a two-speed Europe with Britain consigned to the slow lane.

So why was the Prime Minister sounding enthusiastic? Yesterday in Tübingen, Germany, he was just as upbeat. He reminded the media Europe was an opportunity for Britain, not a conspiracy. "I have no doubt that it is important for Great Britain to be a full and leading partner in Europe. It is time we had the confidence in Britain to realise we can shape and influence events in Europe, and indeed are doing so."

There is still puzzlement in London about the Chirac speech. "I am not quite sure what he meant," Mr Blair told the Cabinet on Thursday, noting that Europe's newspapers were asking the same question.

But with the EU likely to expand from 15 to 25 countries, Mr Blair accepts that some form of "enhanced co-operation"

between groups of countries on different issues is inevitable.

Indeed, it is already happening. Britain is in the fast lane on defence co-operation, but definitely in the slow lane on the euro and border controls.

Downing Street also suspects the attempt to revive the Franco-German axis reflects frustration in Paris and Berlin that Britain has set the EU agenda on economic reform and killed off plans for a withholding tax. Despite that, Mr Blair knows his influence is limited while Britain remains outside the euro, and that the patience of his EU counterparts is starting to run out.

Mr Blair has decided the best way to prevent a two-tier Europe is to get stuck into the debate in a positive manner. This explains his muted reaction

in public at least - to the Chirac speech and his conciliatory approach in Berlin.

In the ornate splendour of the Elysée Palace in Paris yesterday there was little doubt why Mr Blair seems to be making a tactical shift: resistance is pointless because there is no future in fighting the inevitable.

In the two months since Joschka Fischer, Germany's Foreign Minister, galvanised the debate on Europe with his controversial speech at Humboldt University, France and Germany have managed, with some difficulty, to re-unite around a concrete policy of "reinforced" or closer co-operation. This has not been easy. Mr Fischer's "personal vision" was of a Europe based on an EU constitution, a bicameral parliament and a central government.

## READING BETWEEN THE LINES: HOW THREE LEADERS VIEW THE FUTURE



TONY BLAIR, Britain

**He wants?**

A Union of equal nation states. Widening of the Union to take in central and Eastern Europe.

**He does not want?**

An élite inner core leaving Britain on the sidelines while it remains outside the euro. The only core he will consider is one where Britain makes the decision to stay out.

**Who's with him?**

The Swedes and small fry like Denmark and Ireland, who fear being shut out of the proposed "core" group.



JACQUES CHIRAC, France

**He wants?**

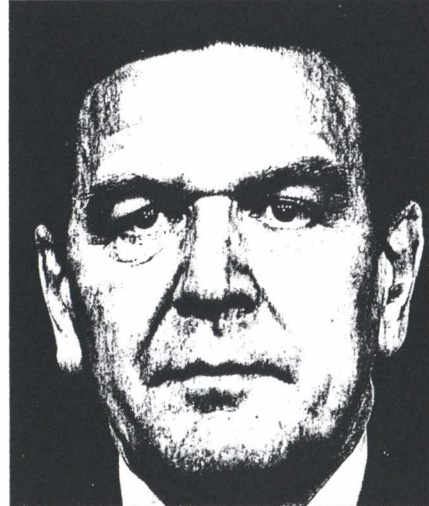
A union with its own constitution but running at two speeds. On the fast track a core group of states. Restoration of the Franco-German axis as EU's driving force.

**He does not want?**

Any mention of the F word. Federal superstate is not his aim. A union paralysed by sceptical countries like Britain.

**Who's with him?**

Germany naturally, but not necessarily his own side. Lionel Jospin is against with much of Mr Chirac's grandiose vision.



GERHARD SCHRÖDER, Germany

**He wants?**

Is keen, like all Germans on deeper European integration. He backs his Foreign Minister Joschka Fischer's vision of political union in the form of a federal superstate.

**He does not want?**

Anything which upsets the power balance between the German Länder, national governments, and a future European government.

**Who's with him?**

France, Italy and Benelux are cautiously supportive.

The socialist-led government of Lionel Jospin had important, if less visionary plans. It favours closer co-operation among EU states, but sees a loose arrangement under which different countries could build more flexible alliances.

At present some closer co-ordination is permitted, but eight member states need to agree to go ahead and their initiative can be blocked by one country. The French Foreign Ministry has a detailed plan to change this when EU leaders meet to rewrite the treaty in Nice in December by abolishing member states' ability to veto a group proceeding with closer co-operation and lowering the threshold of the number of countries wanting to proceed.

In his speech to the Bundestag this week, Mr Chirac

had a chance to put his stamp on the debate, and he took it. His objective seems to have been to take the debate in France further, without going as far as Mr Fischer's demands for a federal state: highly contentious in France, where pride in the nation state is high.

Not only did Mr Chirac back the idea of a constitution for Europe, he also called for a hard core of EU member states to emerge as a driving force behind European integration. The architects of this plan now insist this would not be a closed, private club, and would remain open to each country to join.

The effect of the speech has been two fold. It may have complicated the French presidency's task of getting agreement at Nice, but it has established a Franco-German

consensus that some model of closer co-operation must now be permitted.

The view from the Elysée is uncompromising; when EU leaders meet in Nice, Mr Blair would be unwise to try to block the creation of such a system; member states will go ahead anyway, if necessary outside Europe's governing treaty.

Tactically, Mr Blair appears to have accepted this is a battle he cannot win. In this way he may forestall some aspects of the plan that would formalise a European inner core, such as Mr Chirac's idea of a secretariat for the new "pioneer group".

A tactical retreat makes sense for Mr Blair, but it leaves the government with little choice but to re-evaluate its European strategy. Britain has helped shape the agenda by cultivating alliances with Spain and smaller EU states. Mr Blair's allies will face a sharp choice: do they stick with him, or with the big boys of Europe?

His room for manoeuvre in negotiations on a new EU treaty to be signed in December may also be limited by the UK election expected next year. A further integrationist push would fuel Tory allegations that Labour is being sucked into a "united states of Europe".

The Prime Minister is also trying to educate a sceptical public about the possible benefits of joining the euro. Pro-euro Cabinet ministers are convinced Mr Blair has given them a nod by allowing the Government to make the case for the euro while insisting that the final decision will depend on the Treasury's five economic tests.