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Blair haunted by spectre of EU isolation

The UK prime minister's vulnerability stems from tension surrounding a future decision on whether Britain joins the euro

By Brian Groom, Political Editor
and Ralph Atkins in Berlin

Tony Blair, Britain's prime minister, yesterday said that he believed that French suggestions for closer co-operation on European integration between a "pioneer" group of European Union members, based around France and Germany, were "entirely sensible".

Speaking before a meeting outside Berlin with Gerhard Schröder, the German chancellor, Mr Blair criticised the response in the British media to Mr Chirac's speech, saying that it was "time the British media grew up" and that he had "no problems" with Mr Chirac's views.

Mr Blair made his remarks before a private dinner with Chancellor Schröder, which comes at a sensitive moment in the history of Britain's relationship with its European partners.

Tuesday's address to the Bundestag by President Jacques Chirac of France, revived fears in London of a two-speed Europe, with Britain in the slow lane. The reaction reflects the continuing sensitivities of the issue in Britain.

Mr Blair wants to put his nation at Europe's heart, but the public is wary, and much of the press hostile, to almost anything the European Union does - and quick to see Franco-German plots.

Mr Blair has staked much on constructive engagement within the EU, and avoiding isolation.

His vulnerability stems from tension surrounding a future decision on whether Britain joins the euro - arguably the most important decision facing the country in 30 years.

The government favours joining in principle, subject to economic tests being met and a referendum early in Mr Blair's second term, if he wins an election likely to be held next year. But opinion is running three to one against joining. Ministers are split on tactics to turn the tide, and Mr Blair faces political dangers if he runs an unsuccessful referendum campaign.

With this issue unresolved, Mr Blair has set store by demonstrating in other ways that Britain can play a leadership role.

Officials see the current bout of Franco-German activity as a consequence of his success in this.

The so-called "dotcom" Lisbon summit in March was driven by British pressure to liberalise European economies.

After that, say UK officials, the French and German governments were criticised in their media for relinquishing leadership, putting pressure on them to seize back the initiative.

The first response was the speech last month by Joschka Fischer, Germany's foreign minister, outlining a vision of a federalist EU leading eventually to direct elections for a European government.

Mr Chirac's speech was the latest phase.

The UK government is playing down the seriousness of these developments. The Fischer and Chirac visions are different, officials point out: Mr Chirac is talking about a group of nation states, not a European government.

Mr Chirac is also seen as claiming the high ground ahead of his re-election attempt.

Hubert Vedrine, France's foreign minister, took a more cautious view, focusing attention on reforms needed for enlargement rather than a debate about Europe's future.

If there is anxiety in London, it is more about the danger of the euro-11 group of countries belonging to the single currency forming an independent bloc, excluding the UK from important future decisions.

Not all ministers are equally worried. Gordon Brown, the chancellor (finance minister), thinks he can keep French ambitions to strengthen the euro-11 finance ministers' group within bounds - but there is concern in the Foreign Office and, it is thought, the prime minister's office.