

Edward Best

The 2005 UK Presidency:

Beyond the British Question?

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PREFACE

The Swedish Institute for European Policy Studies, SIEPS, conducts and promotes research, evaluations, analyses and studies of European policy issues, with a focus primarily on the areas of political science, law and economics.

One of the missions of the Institute is to act as a bridge between academics and policy-makers *inter alia* by arranging seminars and publishing reports. SIEPS hopes to contribute to increased interest in current issues in European integration as well as increased debate on the future of Europe. SIEPS seeks to co-operate with other research institutes and think tanks dealing with European affairs.

This paper is the fourth in SIEPS' series of occasional papers concerning a specific presidency. SIEPS will continue to publish brief reports on the incumbent presidency, focusing on the agenda, the domestic factors and the country's specific relation to the European Union. This paper formed the background to a seminar arranged by SIEPS on 2 December 2005 on the theme of the UK presidency.

Annika Ström Melin
Director
SIEPS

ABSTRACT

The UK Presidency in the second half of 2005 is the sixth UK Presidency. The first three, in 1977, 1981 and 1986, took place when Britain was very much an 'awkward partner' for the Community. By the fourth, in 1992, there was talk of putting Britain 'at the heart of Europe', but the Major Government ended up more distant than ever. The first Presidency to take place under Tony Blair, in 1998, saw the beginning of a new British attempt to exert leadership. Between 1998 and 2005, the British role in Europe has changed. The UK has notably played a leading role in the development of a European Security and Defence Policy. Yet the UK remains outside the Eurozone; retains special positions over issues such as the free movement of persons and some social policies; and is widely seen as not sharing European visions and models, although the differences are often exaggerated and are not limited to the UK.

A clear assessment of the 2005 Presidency can only be given once it is finished, while it should be understood that the impact of any presidency is limited. The UK seems so far to be rated quite well in terms of its efficiency and fairness in the chair. There have been achievements, notably the opening of accession negotiations with Turkey and Croatia.

However, it is already clear that some of the UK's priority issues, such as the services directive, cannot be concluded by the end of the year because of the rate of progress through the European Parliament. Sugar reform seems to have run into trouble. Nor was it clear in mid-November whether agreement in the Council over the chemicals regulation (REACH) would be possible. Much will depend on whether agreement can be reached by December over the Financial Perspective for 2007–2013. This is an unfortunate coincidence since Britain has a special interest at stake, the budget rebate, which may be seen to undermine the role of 'honest broker' and political leadership which is expected of the Presidency over such major issues for Europe.

ABOUT THE AUTHOR

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TABLE OF CONTENTS

THE 2005 UK PRESIDENCY:

BEYOND THE BRITISH QUESTION? 7

1 BRITAIN AND THE EU PRESIDENCY IN 2005..... 7

2 FROM LONDON 1977 TO BRUSSELS 200511

2.1 1977, 1981 and 198611

2.2 199212

2.3 The first Blair Presidency13

2.4 From Cardiff 1998 to Brussels 200515

3 THE 2005 PRESIDENCY:

A PRELIMINARY ACCOUNT23

3.1 Preparation and Priorities23

3.2 Management of the Presidency24

3.3 Enlargement26

3.4 REACH29

3.5 Services29

3.6 Sugar reform29

3.7 Financial Services30

3.8 The Hampton Court Summit30

4 CONCLUDING REMARKS36

BIBLIOGRAPHY37

THE 2005 UK PRESIDENCY: BEYOND THE BRITISH QUESTION?

1 BRITAIN AND THE EU PRESIDENCY IN 2005

This paper looks at the evolution of Britain's role in Europe in the light of the issues facing the UK Presidency in the second half of 2005. Writing at the end of October, it is too early to give any clear opinion on the Presidency itself. Some of the key issues will only be decided, if at all, in November or December. The report therefore looks at the general background and broader questions, as well as offering a preliminary assessment of the results achieved and challenges pending.

It is especially hard to give a 'mid-term' report on any second-semester Presidency. The long European summer holiday means that there is less working time compared to the first half of the year and that initiatives can easily be pushed into the autumn. In the case of the 2005 UK Presidency, this delaying effect has been exacerbated by a series of other factors. The negative referendum results in France and the Netherlands on 29 May and 1 June interrupted the process of ratification of the Constitutional Treaty. Political attention was predictably distracted after a series of suicide bombings on 7 July brought London transport to a halt. There was unexpected uncertainty over the opening of accession negotiations with Turkey after the Turkish Government at the end of July refused to recognize the Government of Cyprus.

Prime Minister Tony Blair also clearly looked forward to the results of the early German elections on 18 September which had been called by Chancellor Schroeder. These were expected to bring to power the Christian Democrat Angela Merkel. Although she had a clearly opposed position to Blair over one priority issue, the accession of Turkey, she promised to be (as Schroeder had promised to be before) a key ally for Britain in pursuing reform. In the end, however, the elections were inconclusive and led to a further few weeks of wrangling over the Chancellorship and the eventual installation of a 'grand coalition' between the Christian Democrats and Social Democrats. By 10 October Ms Merkel had been promised the Chancellorship but this was not the Chancellor Merkel that the British Government had hoped for. She was to be the head of a government in which the Social Democrats would obtain numerous key ministries. Moreover, she would only be elected on 22 November, assuming that the inter-party deal would hold.

By the end of September, open criticisms were being heard. In October Members of the European Parliament launched several attacks, lamenting that the ‘pause for reflection’ following the failed referendums ‘has evolved into inaction, if not paralysis’.¹ One even launched a ‘missing person’ search for the British Prime Minister: ‘We have lost the president of the Council. From what we hear, he is Tony Blair, although nobody has seen or heard of him since the summer recess ended.’² Blair himself was reported on 6 October to have recognized that the Presidency had ‘stalled’ in its first three months,³ even though he could rightly point, in particular, to the UK’s achievement in going ahead with the opening of accession negotiations with Turkey.

However, not only must one wait until the end of the term to make any evaluation. One must also have appropriate expectations about the actual role of any Presidency.

In the first place, it is not only what happens at the level of the Prime Minister, and not only the big political and international issues, that make a presidency. It is also the more mundane work of preparing and chairing meetings of the Council and the Council’s preparatory bodies, and doing as much as can be done to push dossiers towards conclusion. In this respect – although here too, it is too early to give any serious assessment – the UK Presidency seems so far to rate rather well in terms of efficiency and fairness in the chair.

The role of the Council presidency, moreover, is clearly limited, especially with regard to agenda-setting. When it comes to the legislative agenda, the possibility of reaching an agreement in the Council depends in the first place on the prior submission of a proposal by the Commission, which is decided well in advance of a presidency’s term in office, and then on progress in the European Parliament, which may be unpredictable. The dates of major EU political decisions are largely defined in advance, while the international agenda determines many of the other major events in the course of any presidency.

This was formally recognized in the series of decisions adopted at the Seville European Council of June 2002 regarding the presidency. There would be a *Multiannual Strategic Programme* for three years, the first of which was presented at the end of 2003, covering 2004–2006. The UK Presidency comes half-way through the first such programme, agreed be-

¹ EUPolitix.com 6 October and 21 October 2005.

² *Financial Times*, 12 October 2005.

³ ‘Blair admits EU agenda has stalled’, *Financial Times*, 6 October 2005.

tween Ireland, the Netherlands, Luxembourg, UK, Austria and Finland.⁴ The programme is inevitably of a very general nature, setting out the main goals and milestones and indicating 'key dates'. The main conceptual problem here is that this is not a rolling programme, updated perhaps every year, and therefore dates easily.

There would also be an annual *Operational Programme* agreed between the two Member States holding the presidency in any calendar year. The Luxembourg–UK programme⁵ for 2005 is more detailed, even if much is still left to each presidency in terms of planning. This document in fact also makes reference to another, informal, mechanism for cooperation between presidencies, the *Four Presidency initiative* on regulatory reform initiated under the Irish Presidency in 2004. Some other recent trends have also tended to reduce the importance of the rotating presidency. Most of the high-level committees working in the new areas of (mainly) non-legislative cooperation, notably, are not chaired by the rotating presidency, but elect their own chairman.⁶

The Member State holding the presidency does, however, retain influence over the detailed timing of the agenda. And when it comes to individual negotiations, the impact of the presidency can be decisive, given the importance of its brokerage role. Most of the time – and perhaps especially where the presidency is called upon to go beyond its roles as organizer and broker in order to provide political leadership in addressing common challenges⁷ – success requires that the presidency play the role of '*honest broker*'. This is inevitably made more complicated if the Member State holding the presidency has a very strong special interest of its own in the issue. It may be possible to achieve the national goal, but only at the cost of embarrassment and possibly loss of good will from the others. There are a few striking examples from recent years. Germany was prompted by such pressures openly to flout the 'honest broker' rule in June 1999 over the End of Life Vehicles Directive, which Germany strongly opposed. Germany in the end not only voted as national delegation against the proposed Common Position which it was theoretically promoting as Presidency –

⁴ Council of the EU, *Multiannual Strategic Programme*. 15896/03, Brussels, 8 December 2003.

⁵ Council of the EU, *Operational Programme of the Council for 2005 submitted by the incoming Luxembourg and United Kingdom Presidencies*. 16299/0422, December 2004.

⁶ Economic and Financial Committee, Employment Committee, Social Protection Committee, Military Committee, Economic Policy Committee, Financial Services Committee, Military Committee Working Group, Code of Conduct Group (Business Taxation). Council of the EU, *List of Preparatory Bodies*, 10198/95, 27 June 2005.

⁷ Adriaan Schout and Sophie Vanhoonaeker, 'Evaluating Presidencies of the Council of the EU: Revisiting Nice', *Journal of Common Market Studies* 2006 (forthcoming).

something which may happen to any Member State and is generally understood by the others – but actively and successfully sought out allies in order to stop agreement.⁸ Another case arose at Nice in December 2000, when France exploited its position as chair to pursue national interests over institutional reform, notably the insistence on maintaining parity of votes in the Council with Germany.⁹

In 2005, the UK took over the presidency only weeks after the June European Council failed to reach agreement on the Financial Perspective for 2007–2013, partly because of disagreements over the UK budget rebate which Margaret Thatcher had negotiated some twenty years before. Some commentators thus argued that ‘the contentious issue of the UK rebate puts London in an awkward position. Indeed, it is difficult to see how the Presidency could be an honest broker while defending a rebate that is currently worth some 5 billion euros a year.’¹⁰ Modernization of the Union’s budget in the general interest of European competitiveness, as presented by Blair, could all too easily be cast as self-interested defence of an outdated national privilege.

This problem overshadowed the first months of the UK Presidency, and it was clear by the end of October that the whole presidency would be judged according to the outcome of the budget question (if any) in December.

Yet the 2005 Presidency should also be seen in the context of the overall evolution of Britain’s difficult role in Europe more generally. The first part of this paper therefore looks back at the past UK presidencies and the evolution of the UK’s position in Europe since the first Blair Presidency in 1998. The second part offers a preliminary assessment of what has happened so far during the presidency of 2005.

⁸ For an account of this episode, see Rüdiger K.W. Wurzel, *The EU Presidency: ‘Honest broker’ or driving seat? An Anglo-German comparison in the environmental policy field*. Department of Politics and International Studies, University of Hull, October 2004. In this case the embarrassment was also internal, since it was the Green Minister, who actually favoured the measure, who was obliged to stop it. A new deal was reached the following month under the Finnish Presidency.

⁹ Jonas Tallberg, ‘The power of the Presidency: Brokerage, Efficiency and Distribution in EU Negotiations’, *Journal of Common Market Studies* 42:5 (2004): 999–1002.

¹⁰ Guillaume Durand and Corrado Pirzio-Biroli, ‘Financing Europe – the budget conundrum’, *EPC Issue Paper* No. 39 28 September 2005.

2 FROM LONDON 1977 TO BRUSSELS 2005

This is the sixth UK Presidency. Looking back, one can see three different phases, reflecting the evolution of Britain's role in Europe. The first three, in the 1970s and 1980s, took place when Britain was not only an 'awkward partner' but a partner with few pretensions to Community leadership. The 1992 Presidency marked a transition, with the government talking of putting Britain 'at the heart of Europe' only to end up, against a background of self-destruction over Europe in the governing party, being seen as more difficult than ever. The last two, under Tony Blair, have openly aimed to consolidate British leadership and influence in an enlarging and 'modernizing' Union.

2.1 1977, 1981 and 1986

The first presidency, in the first half of 1977, took place in a climate of economic malaise barely two years after a referendum on continuing UK membership of the EEC, and against a background of mounting domestic difficulties. 'For the first six years of British membership of the European Community, Britain was led by men who were otherwise engaged.'¹¹ Prime Minister James Callaghan, moreover, had a strong Atlanticist inclination as well as a 'semi-detached' attitude towards the Community. Just before the Presidency, one of the Labour Party's strongest pro-Europeans, Roy Jenkins, moved to Brussels in order to take office as President of the European Commission but this also had the effect of weakening pro-Community opinion in the British Cabinet. Not only was there no leadership. The reputation of the presidency was specifically marred by rows over agricultural prices and fisheries.¹²

The second presidency was again held against a background of economic malaise, but now in the context of Mrs Thatcher's 'megaphone diplomacy' and the prolonged wranglings between 1979 and 1984 over the British budget contribution. Her first turn in the chair in the second half of 1981 culminated in the London European Council of November 1981, with, as she summed it up, continuing disagreement over the whole of the milk problem; the guidelines on agricultural expenditure; Mediterranean agriculture; and the budget problem itself. Five years later, she was again presiding at the December 1986 summit. In the words of the Bulletin of the

¹¹ Hugo Young, *This Blessed Plot. Britain and Europe from Churchill to Blair*. Basingstoke: Macmillan, 1998. p.306.

¹² Roy Denman, *Missed Chances. Britain and Europe in the Twentieth Century*. London: Cassell, 1996 pp. 255–256.

European Communities, ‘Unfortunately, the European Council failed to touch on the “*grand rendez-vous*”, to use the phrase coined by Mr Delors – the debate on the closely interrelated problems of vital importance of the Community future: reform of the common agricultural policy, economic and social cohesion, and the financing of the Community...’ The two Thatcher presidencies seem hardly to have been noticed.¹³

It is worth recalling the important change which took place in the domestic background in this period. It was the Conservative Party which had taken the UK into Europe in 1973. The Labour Party was generally opposed to membership. By the end of the 1980s, however, the Conservatives had begun their slide into internal warfare over Europe. Mrs Thatcher, having agreed to the Single European Act in 1985, now denounced its expansion of majority voting in the Council as a conveyor belt to federalism, and the renewed legislative activism of the Delors Commission as a threat of socialism by the back door. She was deposed by the party in 1990, partly because of her effect on UK relations with the rest of the Community and divisions within the Conservatives, and replaced by John Major. The Labour Party had started to warm to European integration, partly as a means to promote social legislation in the face of Conservative dominance at home. Yet they were still hesitant. Moreover, public opinion remained sceptical (as well as unsophisticated). In the same period, the *Factortame* case belatedly brought home the realities of Community law and the implications of EEC membership for parliamentary sovereignty. The public had not been prepared, and much of the media was outraged.

2.2 1992

The next UK Presidency, in the second half of 1992, thus took place against a different domestic, as well as European and global, background. It was also conducted in the context of a stated aim to put Britain ‘at the heart of Europe’.

Major had set off for Maastricht with a parliamentary vote supporting his negotiating position. He had returned from the Maastricht summit in December 1991 claiming to have won ‘game, set and match’ for Britain – including a British opt-out from the new provisions on social policy. In the first months of 1992, ratification was thus expected to proceed rather easily in the UK, in contrast to many continental countries. The Danish referendum of 2 June 1992 which rejected the Maastricht Treaty, however,

¹³ Denman in fact makes the significant slip of ignoring them completely and even refers to the 1992 presidency as the second UK presidency. Denman, *Missed Chances*, p.283.

immediately prompted a disruption of the UK ratification process and the beginning of a long and painful parliamentary procedure. In September, moreover, the UK was forced to pull out of the Exchange Rate Mechanism after incurring heavy losses trying to support the Pound Sterling. It thus fell to a sceptical and internally-squabbling UK to start picking up the pieces in Europe after the Danish No. The 1992 UK Presidency had important issues to deal with and its achievements were not negligible. Indeed the December 1992 summit 'was regarded as a little masterpiece of Major-ry. He was the consummate chairman, of an unusually heavy agenda'.¹⁴ Yet the presidency nonetheless left 'a bad odour'¹⁵ and Britain remained far from the heart of Europe:

'after making every allowance for both bad luck [*the Danish and French referendums, recession in Europe, war in Bosnia...*] and specific achievements, the general view in Brussels was that it was one of the worst and most divisive presidencies in recent years and one which left the Community weaker and Britain more isolated than before.'¹⁶

By the time the next UK Presidency came up, in the first half of 1998, the recent past could hardly have been worse in terms of Britain's image in Europe. The position of the Major Government towards the Intergovernmental Conference which opened in 1996 to review the Maastricht Treaty had been phrased in distant terms of a 'partnership of nations'. The UK had even ended up adopting an explicit posture of 'non-cooperation' as a result of the 'mad cows' problem.

2.3 The first Blair Presidency

Following the May 1997 elections which brought Tony Blair and New Labour to power, hopes and expectations were high in the Union that a new stage might come about. As the Amsterdam Treaty was agreed in June 1997, the UK notably signed up to the social chapter and seemed to adopt a much more positive tone towards and about Europe. Moreover, since the ruling party had been elected with an overwhelming majority and was not so internally divided, the UK should be able to speak with a clearer voice. Nor was Europe by now such a national drama. In contrast to the agonies going on in the background in 1992 over ratification of the Maastricht Treaty, the Amsterdam Treaty was ratified fairly painlessly during the 1998 UK Presidency.

¹⁴ Young, *This Blessed Plot* p.449.

¹⁵ Peter Ludlow, 'The 1998 UK Presidency: A View from Brussels', *Journal of Common Market Studies*, 36:4 (December 1998): 573-83.

¹⁶ Denman, *Missed Chances*. p. 284.

The new government clearly sought a new strategy for Britain in Europe. The new Foreign Secretary, Robin Cook, stated in May 1997 that ‘We want to make sure that from now on there are three players in Europe, not just two’. A medium-term strategy emerged aiming to give the UK, within five to ten years, the same kind of weight in Europe as France or Germany. By the end of 1998 this had become known as a Step Change initiative. In the Foreign and Commonwealth Office’s *Public Service Agreement* for 1999–2002, the fifth aim was ‘to ensure the United Kingdom plays a strong role in a strong Europe, responsive to people’s needs’. The corresponding performance target was ‘a step change in the UK’s relations with the rest of Europe, with increasing public support for EU activities’.¹⁷

At home, Blair’s language had been that of modernization, first of the Party and now of Britain. This was not old Labour, focusing on regulation and the protection of entrenched rights, but a new regime committed to achieving value for money, choice, and reform through competitiveness. The same would now apply for Europe. Blair soon after election set off to persuade the continentals of the virtues of the liberal economy and labour market flexibility. In January 1998, Blair explained to the *Financial Times* that

The presidency is a chance both for Britain to show Europe how we can play a constructive role in Europe and ... for Europe to show Britain that the economic reform agenda – which in my view is essential to the success of monetary union – has been taken on board, and taken seriously.¹⁸

Britain would promote ‘the people’s priorities’ of ‘peace and prosperity, progress and partnership’. This ‘third way’ would lead to ‘a people’s Europe’.

The 1998 UK Presidency, however, did not change much with regard to Britain’s place. The highlights of the agenda had already been fixed. Following the agreements reached under the Luxembourg Presidency concerning enlargement, all that was really left to do was to handle the opening of negotiations in March 1998. In the case of monetary union, the decision as to which Member States should participate did not require British adjudication. In the end these were ‘developments that took place during the Presidency and not because of it’. The contribution of the presidency was

¹⁷ Edward Best, ‘The United Kingdom: From Isolation Towards Influence?’ in Finn Laursen (ed.), *The Amsterdam Treaty. National Preference Formation, Interstate Bargaining and Outcome*. Odense University Press: 2002 pp.359-378.

¹⁸ ‘From euro midwife to Turks’ conciliator’, *Financial Times* 5 January 1998.

‘good organization based on a clear sense of priorities. The agenda was largely predetermined.’¹⁹

Moreover, ‘the climactic act Blair performed as President produced a moment of uncomfortable symbolism. He was an umpire, not a player, on 3 May 1998, when eleven members of the Union took the field and pledged to complete their economic and monetary union. He chaired the meeting, but did not sign the pledge.’²⁰ The crisis over who should head the European Central Bank, moreover, also gave the British Government ‘a sharp lesson in the limitations imposed on its influence by its prevarications over the euro. Blair was allowed no part whatever in the choice of the ECB’s first presidency. Instead, his role was restricted to that of honest broker between the French, the Germans and the Dutch.’ The final job-sharing deal, and the way in which it was reached, was widely criticized.²¹

The 1998 UK Presidency was conducted with efficiency, and in some views it left a reasonably good impression in the end, despite some dubious hype about Peoples’ Europe and British Leadership. There would be a long way to go, however, before the UK would be seen at the heart of Europe.

2.4 From Cardiff 1998 to Brussels 2005

Over the next seven years, Britain’s place in Europe underwent an important evolution, but with mixed results. It was in fact during the following Austrian Presidency that British substantive leadership began to be felt. In response to the difficulties faced by Europe in dealing with crises in the Balkans – and to some extent in order to compensate Britain’s absence from the single currency by exploiting the main area in which the UK has a unique capacity, shared only with France, to exercise substantive leadership – Blair began to change Britain’s position regarding more ‘autonomous’ European defence capabilities. This started at the informal summit in Pörtschach in October 1998 and culminated in the Franco-British St Malo Declaration in December which set the Union on a path towards a new European Security and Defence Policy (ESDP) as part of its Common Foreign and Security Policy (CFSP). The result has been to consolidate a role in which the UK is indeed indispensable in practical terms for a major EU policy (albeit the least *communautaire* one).

¹⁹ Ludlow, ‘The 1998 UK Presidency’.

²⁰ Young, *This Blessed Plot*. p. 495.

²¹ David Gowland and Arthur Turner, *Reluctant Europeans. Britain and European Integration 1945–1998*. Harlow: Pearson, 2000 p.360.

Yet British influence in Europe, quite apart from British leadership, remains problematic, despite Britain's several potential qualifications.

The UK not only is one of the largest EU Member States, but has an international influence which is somewhat greater than its actual weight: most obviously, permanent membership of the UN Security Council, as well as a key role in global finance. Moreover, the UK is widely recognized as being one of the most effective Member States in terms of its participation in the EU system. The UK system of national coordination, centring on the Cabinet Office European Secretariat, the Foreign and Commonwealth Office (FCO) and the UK Permanent Representation in Brussels (UKREP), is seen to give British positions a coherence which is lacking in some other cases. British diplomatic activism – for example, in making early contacts with other Member States, the European Commission and the European Parliament – is admired as permitting a very effective promotion of British interests. The roles of the House of Commons European Scrutiny Committee in deciding which documents should be further considered and in monitoring the UK's position in Council negotiations, and the House of Lords Select Committee on the European Union in producing detailed reports on selected documents, are generally seen as good examples of national parliamentary participation. And Britain generally prides itself on being among the best performers in terms of fulfilling its obligations. It has, for example, regularly met the 1.5% target in terms of the 'implementation deficit' of internal-market directives in the last few years, and remains in 'the First Division' despite some disappointing slippage recently.²²

The basic problem is obviously that, while professing to want to be at the heart of Europe, Britain remains an incomplete participant in cooperation beyond the internal market. The UK has not joined the Euro. The UK has not joined the Schengen agreements and still maintains a special position with regard to the free movement of persons. The UK signed up in 1997 to the new social provisions decided at Maastricht but still maintains exceptionalist positions, for example over Working Time. And in security and defence, the one area in which the UK has a special capability, the UK is the main 'Atlanticist' Member State, seeing the relationship with the United States and NATO as the primary axis of British and also European security.

²² Communication from the Commission, *Second Implementation Report of the Internal Market Strategy 2003–2006*, January 2005.

The traditional view of British exceptionalism assumes that the UK, more or less uniquely, not only does not share the European ‘social model’, but does not share the cultural identity or political vision of continental Europe either. How could such a country credibly be at the heart – or even at the helm – of the ‘European construction’?

It is indeed hard to deny that (to the extent that there is any informed public discussion at all about the EU in Britain) the UK generally does not connect with the idea of European integration as a value in itself. In October–November 2003, fully 62% of UK respondents said that they felt only national identity (EU average 40%), clearly the highest rate of non-identification with Europe among the EU15.²³ In 2005, the UK was the lowest among the EU25 in responding to whether the EU conjures up a positive or negative image, with only 28% having a positive image (EU average 47%).²⁴

Setting aside the unfortunate impact of much of the British media in shaping popular perceptions, Europe tends to be seen as only one level of identity and interest. Churchill’s three interlocking circles representing Britain’s place in the world are perhaps still relevant: the Commonwealth, the United States, and Europe – and now with other formations such as NATO and the G8 thrown in as well (see FCO box).

The UK is of course not the only Member State with important external links and shared identities beyond Europe. France has *Francophonie*, yet this is not seen as incompatible with France’s manifest European destiny: France was at the origin of the post-war integration project and aims to retain its defining role in European integration. Spain has a very strong identification with Spanish-speaking America, and there were some, in the late 1970s and early 1980s, who did talk of making a choice between *Hispanoamérica* and Europe. In the end, the two were more than compatible. Joining Europe was, for Spain, an act of political legitimation after the Franco dictatorship, and Spain could (in a southern echo of Britain’s invocation of its special relationship with the US) play on its privileged relationship with Latin America as a bridge between the continents.

In the UK, however, there seems simply to be no popular perception that European integration is necessary by definition, as it were, for UK welfare or legitimacy. It is conditional. The founding Member States, and a few

²³ Standard Eurobarometer 60. It is surely worrying in all events that, in this survey from 2003, when a ‘Constitution for Europe’ was supposedly being negotiated, that only 57% of EU citizens saw themselves as being ‘European to some degree or other’.

²⁴ Eurobarometer 63.

more, have largely founded their assumptions about the necessity of integration on the image of the Second World War as a tragedy in which everybody lost. The predominant image in Britain, however, seems still to be that this was our 'finest hour' – and that 'we won'. It never provided an automatic rationale for political supranationalism. Nor is there any automatic assumption that the 'European' level is necessarily the optimal level for achieving particular policy objectives. The predominant logic remains one of instrumentality rather than one of identity, and the world is seen to consist of many levels.

This has continued to be transformed in public debate into a simplistic and extreme dichotomy between the vision of Europe as a political project and the desire for nothing more than a free trade area. Yet the kind of logic (shared, in fact, by many people across many countries) which underlies the mainstream British vision does not mean rejecting supranationalism – so long as this can be justified as the most appropriate means of achieving British interests. Nor does it reject the idea that there is a higher level of interest. Tony Blair's speech in Warsaw to the Polish Stock Exchange on 6 October 2000 sums up this logic:

Europe is a Europe of free, independent sovereign nations who choose to pool that sovereignty in pursuit of their own interests and the common good, achieving more together than we can achieve alone. The EU will remain a unique combination of the intergovernmental and the supranational.

The FCO's current 'Strategy' (see excerpts in Box) gives a more extensive version which provides a useful framework for understanding the UK approach to the Presidency.

An analogous development has taken place with regard to the 'social model'. There are, to be sure, some special characteristics in the underlying structures and principles of the recent British model of the welfare state. It does represent an 'Anglo-Saxon' approach which can be contrasted with the continental or Nordic approaches, and perhaps also with a Mediterranean style and a particular system in central and eastern Europe. And yet it is a caricature to make a simple opposition between a 'European social model' based on solidarity and an 'Anglo-Saxon' model based on competition – and dangerous to make claims about whether such different approaches are 'better'.

In the wake of the Luxembourg summit in June 2005 the tone of such exchanges, even at the highest level, has unfortunately dropped. Chirac openly criticized British social inequalities (as well as British food). Blair and, even more so, Chancellor Gordon Brown, have until very recently

seemed to be trumpeting the need for EU reform in order to show how badly Britain's continental rivals are doing in terms of growth and, above all, of employment.²⁵ Tony Blair was prompted to go on the nationalist attack at the 2005 Labour Party conference on 27 September:

[Britain] is a country today that increasingly sets the standard. Not for us the malaise of France or the angst of Germany. It's a national pastime to run ourselves down, so occasionally it's worth saying: Britain is a great country and we are proud of it.

Foreign and Commonwealth Office – Strategy²⁶

3. The UK in the international system: institutions and relationships

... The system of international relations will continue to be built on states. In most parts of the world they will remain the strongest source of legitimacy for governments and identity for individuals. But as the global agenda of shared concerns lengthens, more and more issues will be dealt with collectively in ways that will further challenge traditional interpretations of state sovereignty.

No state – not even the US – will be able to pursue its objectives in isolation. The UK will need and want to work with others to pursue its active policies, through a wide range of alliances and institutions such as the EU, the UN, the G8, NATO and the Commonwealth. UK interests will lie in supporting an effective system for multilateral co-operation, based in international law, as the best way to maximise our influence in the world and solve the global problems before us. ...

The UK will remain a committed and active member of the **European Union**, and strengthening our influence within the EU will be one of our highest priorities. Our relationships with other members will become even more important, and will be of a different quality from those with other countries because of the advanced system of international co-operation we have developed through pooling areas of sovereignty. Economic, political and personal links will continue to strengthen, making the EU still more central to many of the UK's domestic policy priorities. The UK may, after a referendum, decide to go further by joining the Euro. The continuing success of the EU will depend above all on sustaining economic dynamism through reform.

We will continue to seek closer relationships with France, Germany and other EU partners, and to make effective use of the EU institutions, as we pursue our domestic and international goals. ...

The UK's objective will be to make the EU a stronger player, better able to pursue common policies globally as well as in its own neighbourhood. More important than institutional changes will be the determination of EU member states to make this happen – and to develop stronger capabilities to pursue our security interests in partnership with the US.

²⁵ Peter Ludlow, 'Demagogy or Sound Management? Alternative profiles of the UK Presidency of the European Union', *Eurocomment Briefing Note* Vol.3 No.10, 2005. p.18.

²⁶ The Strategy can be found on <http://www.fco.gov.uk>.

In the run-up to the Presidency, it could indeed seem that this might now be Britain's moment.

It was not the British (or even other 'usual suspects' such as the Danes) who brought to a halt the ratification of the Constitutional Treaty. It was in two founding members, France and the Netherlands, that referendums produced negative results on 29 May and 1 June respectively. Jacques Chirac thus seemed politically weakened while German Chancellor Gerhard Schroeder (erstwhile ally of Blair in the Third Way) was obliged in May to bring about early elections which he seemed destined to lose. Tony Blair was for many observers the strongest European leader around.

Moreover, the UK is in fact far from being alone in most of its positions, even the more controversial ones. A majority of the EU27 have in fact at some point and in some form sent troops or police to Iraq: of the EU15, Italy, Spain (under Aznar), the Netherlands, Denmark and Portugal; of the new ten Member States, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland and Slovakia; and both acceding countries, Bulgaria and Romania. The UK joined five other Member States which are net contributors to the budget (Germany, France, the Netherlands, Austria and Sweden) in December 2003 in presenting a joint demand that future expenditure should not exceed 1.0% GNI. Most of the new Member States from central and eastern Europe have a strong sensitivity about national sovereignty following their experience in recent decades; have a positive attitude towards the United States; and pursue liberal economic and social policies. Various countries agree with the UK on the need to reduce agricultural spending and to increase investment in research, innovation and other dimensions of competitiveness.

All such coalitions of interest, however, are undermined by one subject – the British budget rebate. It was therefore historically unfortunate that, just before the start of the UK Presidency, this issue should have been allowed to come to the fore at the expense of a broader agreement.

Three basic questions are at stake with regard to the Financial Perspective.²⁷

²⁷ The following figures are taken from Durand and Pizzio-Biroli, 'Financing Europe'.

- *The overall limit of expenditure.*

The Commission in February 2004 had proposed a budget with a ceiling for commitment appropriations at 1.24% of EU Gross National Income. The Group of Six net contributors insisted on 1.0%.

- *The distribution of expenditure between policy areas.*

The main issue has been the idea of reducing spending on agriculture and the structural funds, and switching spending priorities to research and development. The Commission's original proposal thus proposed an increase in the share of spending on 'competitiveness' (research, Trans-European Networks, education, training and social policy) from 7.3% to 13.0%, and a cut in agricultural payments from 36.6% to 29.4%.

- *The distribution of contributions.*

This dimension has focused mainly on the UK rebate.

The final Luxembourg proposal of 15 June consisted of the following basic elements:

- an overall ceiling of 1.05%;
- an increase in the share of 'competitiveness' only from 7.3% to 8.3%;
- a reduction in the share of agricultural payments only from 36.6% to 34.0%, but a large cut in the amount for structural funds proposed by the Commission mainly by reducing the money available for the relatively richer Member States;
- a freezing of the UK rebate at around 5 billion Euros per year.

This package was rejected, for different reasons, by the UK, Sweden, the Netherlands, Finland, Italy and Spain. Yet most blame seemed to be laid on the UK for its seeming inflexibility regarding the UK rebate. Accusations were made of a selfish defence of national interests at the expense of solidarity and the higher interest. Many in Britain and elsewhere saw a high degree of hypocrisy in all this, in view of the national interests at stake in maintaining the CAP, and Blair had felt, understandably, ambushed by France and Germany in October 2002 when a deal was stitched up without him regarding the future of the CAP. Yet he did then give his consent to the agreement by which agricultural spending would be fixed until 2013. Moreover, the Luxembourg proposal was not perhaps not so unfavourable for the UK, at least with regard to the rebate – which Blair himself not long afterwards recognized as being somewhat outdated and deserving of reconsideration.

Blair succeeded in defusing things to some extent by his masterful performance in the European Parliament on 23 June, not just by his claim al-

ways to have been ‘a passionate pro-European’ but by the two clear responses he gave to the two false dichotomies in the debate indicated above. On the political/free trade issue he proclaimed his belief in:

a union of values, of solidarity between nations and people, .. not just a common market in which we trade but a common political space in which we live as citizens.

I believe in Europe as a political project. I believe in Europe with a strong and caring social dimension. I would never accept a Europe that was simply an economic market.

The purpose of social Europe and economic Europe should be to sustain each other. The purpose of political Europe should be to promote the democratic and effective institutions to develop policy in these two spheres and across the board where we want and need to cooperate in our mutual interest.

This was no affirmation of faith in political unification, to be sure, but a view which was likely to be shared by many people, especially in the newer Member States, sensitive about national sovereignty as well as anxious to receive the benefits of a strong and solidary union. On the other hand, he responded to the supposed contradiction between belief in European ideals and acceptance of the need for change. He stressed the need to ‘remarry the European ideals we believe in with the modern world we live in’.

This is not a time to accuse those who want Europe to change of betraying Europe. It is a time to recognize that only by change will Europe recover its strength, its relevance, its idealism and therefore its support amongst the people.

3 THE 2005 PRESIDENCY: A PRELIMINARY ACCOUNT

It is obviously too early to make any overall evaluation of the results of the UK Presidency, either in terms of management or of results. The following sections therefore aim only to give a preliminary appreciation on how things have gone so far.

3.1 Preparation and Priorities

Preparations for the 2005 Presidency had begun in 2003. The Prime Minister ordered that the UK Presidency ‘should not be ostentatious’. There would be no EU presidency events with anything like the grandeur of the Gleneagles summit of the G8.²⁸ Moreover, there seems to have been some learning from the 1998 experience about the danger of inflating expectations. John Grant, the current UK Permanent Representative, speaking on 23 June at a meeting organized by the European Policy Centre in Brussels, thus noted that the agenda initially foreseen was not spectacular. This was partly due to a realistic appreciation of what any presidency can achieve in six months. It was also due to a concern about expectations – if there is hype at the beginning, there is likely to be disappointment by the end.

The UK Government’s stated priorities for its 2005 Presidency are listed in the box below as they were finally presented at the end of June.²⁹

The British priorities provoked some comments even in advance of the Presidency. ‘Indicative of the approach adopted to the forthcoming Presidency and arguably of the British attitude towards European integration as a whole, is the fact that the major British priorities are not in any real sense EU issues *per se*.’³⁰

There does seem to have been an interest in promoting the UK’s internationally-oriented agenda (both as UK and as Presidency) in a way which would demonstrate a certain independence from the US, while downplaying the importance of the Eurozone. In the words of the former Europe Minister who started the process of priority definition, while the EU is dominated by political crisis over the constitution and economic stagnation

²⁸ Denis MacShane (UK Europe Minister, 2002-2005) ‘Britain’s Presidency of the European Union. Internal Crisis, External Strength, Economic Movement’, *Internationale Politik-analyse, Europäische Politik*, Friedrich-Ebert-Stiftung, Juni 2005. p.2.

²⁹ *Prospects for the EU in 2005. The UK Presidency of the European Union*. Presented to Parliament by the Secretary of State for Foreign and Commonwealth Affairs by Command of Her Majesty. June 2005.

³⁰ Anand Menon and Paul Riseborough, ‘The Best Laid Plans. Britain’s Presidency of the Council of the European Union’. *Notre Europe, Studies and Research* No.42, June 2005. p.7.

due to ‘the under-performance of the big three Eurozone economies – France, Germany and Italy’, ‘the UK wants to use its presidency to invite the EU to lift its horizons to global challenges’.³¹ Help for Africa and debt relief, is indeed a ‘European-led project’ for which Mr Blair would seek US support. Climate change is an area in which the EU has acted as a block with quite different positions from the US administration, culminating in an international conference chaired by the UK in London on 1 November.

Policy Priorities of the UK Presidency, June 2005

The Future Financing of the European Union

Future financing

Economic Reform and Social Justice

Better Regulation

The Services Directive

Post-Financial Services Action Plan

Environment and sustainable development

The Chemicals Regulation (REACH)

The EU's relationship with the US

Europe's Role in the World

Doha Development Agenda

Development and Africa

Climate change

Sugar reform

Russia and Ukraine

Peace, stability and reform in the Middle East

Security and Stability

Counter-Terrorism and Security

Enlargement

3.2 Management of the Presidency

Management of the Presidency has not meant major organizational changes or efforts. A Presidency Unit was established for the first Presidency in 1977 led by a junior minister at the FCO. This was regarded with hindsight as an over-insurance and a more low-key approach was subsequently adopted. Since then, ‘the emphasis has tended to be on efficiency and good management – in part, at least to being with, in order to show not just the competence of the British Civil Service but also how it has adjusted and adapted to Community membership.’³²

³¹ McShane, ‘Britain's Presidency’. p.3.

³² Geoffrey Edwards, ‘Central Government’, in Stephen George (ed.), *Britain and the European Community. The Politics of Semi-Detachment*. Oxford, Clarendon Press, 1992. pp.64–90. p.79.

The committee which now normally coordinates the UK's EU policy under the joint chairmanship of John Grant, the UK Permanent Representative, and Kim Darroch, Head of the Cabinet Office European Secretariat and EU adviser to the Prime Minister, ('the Darroch-Grant committee') was renamed at the beginning of 2005 the Presidency Planning Group.³³ The UK Permanent Representation is in all events relatively large and plays a central role in British policy coordination. Whereas the Irish and Luxembourgish Governments had at least doubled the size of their permanent representations, UKREP only increased in size by some 10%, from 150 to 170.³⁴ Moreover, there has been a relatively high degree of continuity in EU experience among the UK officials involved.

On the whole, the usual high level of efficiency seems to have been maintained, although the informal 'Gymnich' meeting of Foreign Ministers in Newport attracted negative comments from journalists for the apparent lack of facilities, and there have been perceptions of an unusual lack of coordination in UK positions on a few occasions.

Whereas in 1992, the UK was accused of not working closely enough with the General Secretariat of the Council, a conscious decision was taken in 1998 to do so more frequently and Foreign Office officials expected this trend to continue in 2005.³⁵ Preliminary anecdotal evidence so far, however, is mixed.

As for the European Parliament, again it is early, and preliminary evidence is limited. At least in some sectors, the UK appears to have continued tendencies started under preceding presidencies by aiming to involve MEPs and senior members of the Secretariat both formally and informally in Council activities and to pursue improved contacts for the purposes of inter-institutional coordination. The chair of the EP Environment Committee, Karl-Heinz Florenz, was thus invited for lunch on the occasion of the Environment Council on 17 October 'so as to allow ministers to discuss informally better regulation in the presence of representatives of the three institutions, before dealing with this item in the formal session'.³⁶

³³ Ludlow, 'Demagogy or Sound Management?' p.4.

³⁴ Ludlow, 'Demagogy or Sound Management?'.

³⁵ Menon and Riseborough, 'The Best Laid Plans. p.22.

³⁶ Background Document, Environment Council, Luxembourg 17 October 2005. Brussels, 13 October 2005. http://ue.eu.int/uedocs/cms_Data/docs/pressdata/en/envir/86566.pdf.

3.3 Enlargement

The main achievement in the first part of the UK Presidency was to start accession negotiations with Turkey – and in the same process to see them start with Croatia.

The UK has long been one of the main supporters of Turkish accession, seeing this as an important step forward in building international stability and European security. This would be a consolidation of a strategic alliance with a key partner in a region of multiple instabilities; support for a moderate, secular regime in a Muslim country, an example to other countries; and a demonstration that the EU is not a Christian club opposed to Islam and thereby also a contribution to internal peace and security within the EU. To reject Turkey, on the other hand, would probably provoke a backlash with serious negative consequences. Indeed Turkish accession figures among the Presidency priorities primarily as an issue of security and stability – whereas many people in other Member States (and the UK), even if they share the security logic, also have concerns about the impact on European institutions and collective identity.

In December 1999, the Helsinki European Council had recognized Turkey as a candidate country. On 6 October 2004 the Commission recommended that negotiations should be opened with Turkey. On 15 December 2004, the European Parliament adopted a report favouring Turkish accession. On 17 December the European Council agreed unanimously that, since Turkey had been judged to satisfy the ‘Copenhagen criteria’ for accession, negotiations would be opened on 3 October 2005.

At the same time, the European Council agreed to open negotiations with Croatia on 17 March 2005, provided there were to be full cooperation between Croatia and the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague, notably over assistance in locating and extraditing General Ante Gotovina, accused of war crimes between 1991 and 1995. Negotiations did not open on that date, since the EU Foreign Ministers came to the conclusion on 16 March that Croatia had not satisfied these conditions.

Austria, in particular, was openly uncomfortable with the prospect of opening negotiations as promised with Turkey, while failing to proceed, also as promised, with Croatia. Other Member States, notably Hungary and Slovakia, also indicated their support for Croatian membership. Meanwhile, popular concerns about Turkish membership were notably growing in many Member States. The Governments of France and Austria had already indicated that eventual Turkish accession would be conditional on a nation-

al referendum on the subject. Then came the referendums on the Constitutional Treaty in France and the Netherlands, in which popular opposition to Turkish membership, while not being the main issue in either country, was nonetheless clearly a significant factor in shaping the negative outcomes in both. By the autumn, polls were indicating an average level of support for Turkish membership across the EU of only 22%, dropping to 11% in France. Some 80% of Austrians and all main political parties in that country were opposed to Turkish membership.

On 29 July, Turkey finally signed an agreement extending its customs union with the EU to the new Member States, but attached a Declaration stating that this did not imply recognition of the Cypriot Government. France, as well as Greece and some other Member States, initially supported Cyprus's position that recognition of all Member States was a necessary condition for starting negotiations. A deal was reached between the UK and France by which it would be said that recognition of Cyprus would be appreciated as soon as possible, but would only be necessary before Turkey actually joined the EU. Cyprus was not included in this discussion, much to the annoyance of Cypriots. Cypriot newspapers openly accused the British of behaving like a 'colonial power'.³⁷ The Greek Foreign Ministry spokesman accused the British of abandoning the impartiality expected of the office of president in order to promote 'purely national choices'.³⁸

Then the Austrian Government made clear that it now wanted explicitly to leave open the outcome of negotiations, including the possibility of a 'privileged partnership' (an option which had also been supported by Angela Merkel), rather than full membership. The Presidency therefore convened an extraordinary meeting of Foreign Ministers on Sunday 2 October. The discussions were not eased by the fact regional elections were taking place that same Sunday in the background in the Austrian land of Styria (which the ruling Peoples Party lost). The standoff lasted into the Monday. Austria was given a 'ladder to climb down' when several countries proposed to strengthen the language on 'absorption capacity' – that is, the ability of the EU to manage the impact of new members, as indicated in the Copenhagen criteria.³⁹ Eventually a deal was done and the Turkish Foreign Minister flew in to start the negotiations.

³⁷ 'Britain divides and rules on Cyprus', *Athens News*, 16 September 2005.

³⁸ *Katheremini* 10 September 2005.

³⁹ 'Europe embraces Turkey as diplomatic deadlock is broken', *Financial Times* 4 October 2005.

The UK had thus achieved one of its own main objectives. It was also undoubtedly a success for the UK as Presidency, in managing to resolve problems which had emerged and, in a difficult context, to push through the commitment reached the previous year. And yet two aspects of the end game did leave some uncomfortable questions in the air.

On the one hand, the Croatian question helpfully disappeared from the table but in a rather mysterious way. The UN chief prosecutor Carla del Ponte had only days before, on 30 September, said 'how disappointed' she was with the attitude of the Croatian Prime Minister over General Gotovina.⁴⁰ With Jack Straw anxious to keep the issues separate, she was, according to reports, asked 'to delay her flight to ensure that she would not turn up during the talks on Turkey'.⁴¹ Moreover, British Ministers had openly spoken not long before about the importance of not 'sweeping under the carpet' such questions of human rights and war crimes in the new Union. She did arrive, however, and now with a report stating that Croatia was 'fully cooperating' with the tribunal. What brought about this change? With one of the continuing concerns among sceptics being human rights, it was slightly troubling to think that a deal had somehow been done primarily for reasons of international security, at the expense of international human rights – and that the International Tribunal had, for whatever reason, played along with this.

On the other hand, the role of the Americans was unsettling. Turkey expressed concerns about the wording of a clause in the draft negotiating mandate demanding that Ankara should not block the accession of EU states to international organizations and treaties. This was feared to give Cyprus a lever to join NATO without a peace settlement, which was unacceptable to Turkey. US Secretary of State Condoleezza Rice spoke with the Cypriot President to secure an assurance that Cyprus did not intend to join NATO; and with the Turkish Prime Minister to reassure him that decisions about NATO membership should be left to NATO members rather than the EU. One official from a large Member State was reported to complain that 'the British consulted the Turks and the Americans before they consulted us'.⁴²

⁴⁰ *EUobserver* 5 October 2005

⁴¹ 'A two-day test of nerves for the EU', *Timesonline*, 4 October 2005.

⁴² 'US involvement in the deal-making unsettles EU diplomats', *Financial Times*, 4 October 2005.

3.4 REACH

The UK Presidency in October appeared likely to achieve some degree of success in the case of the controversial proposals for the registration, evaluation, authorisation and restriction of chemicals (REACH), presented by the Commission in October 2003. A presidency compromise proposal was presented to the ad-hoc Working Party on chemicals on 6 September. Regarding the registration and data-sharing aspects, following the Competitiveness Council of 11 October, the Presidency claimed that there was now broad support for lighter safety data for substances in the 10–100 tonnes category and broad consensus as to the requirement for companies to submit joint registrations for the same substance (‘One Substance, One Registration’) – although this was disputed by the French.⁴³ The Environment Council held a policy debate on 17 October on the basis of revised presidency compromise proposals. Again, ‘broad consensus’ was said to have been found for the presidency compromise. The Sacconi Reports were adopted by the Committee responsible in the European Parliament (Environment, Public Health and Food Safety) at its meeting on 4 October, following opinions from eight ‘opinion-giving committees’. Assuming that the European Parliament would indeed adopt its first-reading position on 15 November, it seemed quite likely that political agreement could be reached as hoped at the Competitiveness Council on 28–29 November.

3.5 Services

In the case of another of the Presidency’s priorities, however, it is already clear that the issue will not be decided under the UK, precisely because the European Parliament will not have adopted its position in time. The ‘Bolkestein’ Directive on the liberalization of services had been given great importance by the UK as part of its EU economic reform efforts. To UK disappointment, the European Parliament’s Internal Market Committee on 4 October failed to agree on a compromise proposed by the Rapporteur, thus delaying the committee vote until 21 November and the final vote in plenary until January. It will thus be up to the Austrians – or beyond – to finalize the Council’s Common Position.

3.6 Sugar reform

With regard to reform of the Common Market Organization of the sugar sector, the Agriculture Council meeting on 24–25 October was limited to

⁴³ Euractiv.com ‘Chemicals: Ministers aim for November agreement on REACH, 13 October 2005.

an ‘exchange of views’. Central to the debate were the Commission’s proposals for a 39% cut in prices for sugar and 42.5% for sugar beet, with a 60% rate of compensation. The provisional Press Release reported that ‘a High Level Working Party will be convened for intensive discussions on the file on 8 and 11 November in order to prepare the Agriculture and Fisheries Council on 22–24 November where it is expected to adopt a “general approach” on the reform. Delegations acknowledged the need for sugar reform, several of them urging for a political decision to be taken by Council at its next meeting on 22–24 November. A few delegations stated however that the proposal needed to be strongly rebalanced.’⁴⁴ According to press reports, this meant that a group of 11 countries had openly stated their opposition.⁴⁵ Moreover, the European Parliament Committee was only expected to adopt its report on 29 November, with a view to plenary decision in early 2006.

3.7 Financial Services

The Presidency does appear to have successfully managed the end game (which was significantly related to questions of ‘comitology’) with regard to two Council directives introducing new capital adequacy requirements for banks and investment firms in order to implement in the EU the Basel II global framework for capital adequacy in banks. The Parliament Committee adopted the report by Alexander Radwan on 13 July. The Plenary adopted its legislative resolution on 28 September, approving the proposed Directive in a form previously agreed with the Council so that the procedure could be concluded at first reading. The Ecofin Council on 11 October then formally adopted the Directive. Internal Market and Services Commissioner Charlie McCreevy openly congratulated the UK Presidency on the rapid progress made, a sentiment echoed by, for example, British Bankers associations.⁴⁶

3.8 The Hampton Court Summit

The UK Government may well have preferred not to have any summit at all in the autumn, but in the end opted for an informal meeting in Hampton Court on 27 October. This was explicitly not a ‘European Council’ but

⁴⁴ 13130/05 (Presse 258) Provisional version press release, 2685th Council Meeting, Agriculture and Fisheries, Luxembourg, 24–25 October 2005. The term ‘general approach’ is used in the Council when there is a broad consensus among the Member States on the main lines of a decision, but the European Parliament has not yet adopted its position.

⁴⁵ *El País*, 26 October 2005. The 11 Member States were Spain, Poland, Latvia, Lithuania, Italy, Hungary, Portugal, Slovenia, Finland, Greece and Portugal.

⁴⁶ <http://www.isda.org/press/press101105.pdf>

an ‘Informal Meeting of Heads of State or Government’. The President of the Commission, who is a full member of the European Council, would thus attend the meeting with the same status as the President of the European Parliament and the Council Secretary-General/High Representative for CFSP. Foreign Ministers would not be present.⁴⁷ Whereas the meeting was originally scheduled for two days, moreover, it was then reduced to a single day, with a broad agenda aiming at intimate informal discussion of the European response to the challenges of globalization.

Although pressures had been growing to deal with the Financial Perspective already at the autumn summit, these were resisted. In the invitation sent out on 20 October, Blair suggested that his guests ‘might want to address all or some of the following questions:

What are your reactions to the Commission’s analysis of the scale of the challenge facing Europe?

How do you think we can best provide both jobs and growth, and social solidarity? What is the modern way to social justice?

How can the EU support the efforts of member states in this area? Should we be doing more together in areas such as research and development, and developing world-class universities, so that our citizens are able to take fuller advantage of the opportunities of globalisation? And how can we – politically – best explain to our electorates the need for modernisation?

What more should Europe do to increase the personal security of our citizens? Can we do more, for example, to address illegal migration and security issues when engaging with countries outside our borders?

Can we do more to make the world a safer and better place?’

This agenda was to be discussed between 10.00 and lunch and then between lunch and 18.00, among 25 Member States and the European institutions. Predictably, the summit did not seem to make much of a contribution to the substantive agenda, but it may have been an important moment in the evolution of relations between the leaders.

Tony Blair had already indicated that he would eventually accept some reduction in the rebate, but only in exchange for reforms to the CAP and modernization of the EU budget. Yet in early October British officials were reported to concede that the best Blair could hope for was a review of farm spending in 2008 or 2009 with a view to carrying out further reforms after 2013. The aim was therefore to reallocate money to research, development and innovation.

⁴⁷ This format has been used in this way twice before, in Formentor in 1995 under the Spanish Presidency and in Pörtlach in October 1998 under the Austrians.

Commission President José Manuel Barroso on 11 October let it be known that the Commission was proposing the creation of a 7 billion Euro Globalization Adjustment Fund which would be a crisis mechanism in the event of sudden large shocks, mainly covering retraining and relocation of workers losing their jobs as a result of globalization. It was one part of a five-point proposal presented by Barroso on 20 October, the other four being earmarking funds from cohesion spending for investment in research and innovation, human capital, business services, infrastructure, energy efficiency etc.; consolidating the current agricultural reforms (meaning postponing any further reform until after 2013); modernizing the budget, starting with a Commission White Paper in 2009; and increasing democratic scrutiny and coherence of external action by integrating the European Development Fund into the normal budget.

The proposals were an attempt to build a compromise. The UK rebate was not explicitly mentioned, while the Globalization Fund was partly a response to Presidency Chirac's attack on the Commission days before over its alleged failure to protect jobs in the wake of the decision by Hewlett Packard to lay off some 1,240 workers in France. It seemed unlikely to be supported by more liberal-minded Member States – Germany, Sweden and the Netherlands were all reported to be uncomfortable with the idea – but Blair made it known on 24 October that he would go along with this idea, with the clear aim of pleasing France, whose support would be essential for any outcome.

On 26 October Blair addressed the European Parliament, proposing six key areas of work 'to enhance the competitiveness of the European Union, and also its social solidarity in helping people adjust to the challenge of globalization':

- research, development and innovation, including the creation of a European Research Council equivalent to the American National Science Foundation;
- a common energy policy;
- support to improve universities;
- controlled immigration;
- work-life balance issues;
- the Globalization Fund.

The same day, President Chirac published a statement in a main newspaper in all the Member States, in which he stressed that France would 'never let Europe become a mere free-trade area. We want a political and social Europe rooted in solidarity.'

Globalisation spells enormous economic and social challenges. Tomorrow, in Hampton Court, our aim is to restore the momentum from which Europe draws its strength. It must move fast in order to keep up with international competition. It must increase innovation and research to support tomorrow's jobs. Germany and France have launched major programmes in the most promising sectors. I suggest we extend this approach throughout Europe. Such efforts require further funding. France's proposal is to mobilise the European Investment Bank to double community research capabilities. Let us set up with the bank an instrument endowed with 10bn which, by leveraging public and private co-funding, will generate an additional 30bn in research and innovation projects up to 2013.

We must come to grips with globalisation's social consequences. When corporations, tailoring global strategies to short-term profit considerations, take decisions that affect employment throughout the Union, such as relocation, our strength lies in numbers. That is why France has called for the Commission to initiate European consultations in such circumstances and supports the globalisation fund mooted by President José Manuel Barroso.⁴⁸

This was a clear effort to respond to British pretensions with an affirmation of Franco-German leadership in consultation with the European Commission, as well as a different statement of the balance between promotion of competitiveness and social protection. It nonetheless seemed, at least in this respect, to constitute an important gesture in the direction of Franco-British cooperation.

Yet that gesture was more than compensated by other aspects of the statement which seemed to deepen a spirit of rivalry. Chirac also openly mentioned the need for the 2007-2013 budget to be agreed in December, stressing that the compromise 'must comply with commitments already made'. In other words, no reform of the CAP until after 2013. The sentence which concludes the version published in the *Financial Times*⁴⁹ can easily seem to be a further challenge to Britain. After an explicit reference to the role of 'pioneering groups' of countries in different fields going beyond the basic common policies (which he recognizes as including defence, in which Britain and France play a leading role), he suggests that there may be a hard core: 'eurozone members should deepen political, economic and social integration'. The message is clear: unless and until the UK joins the Eurozone, it will not be at the heart of Europe.

⁴⁸ Text taken from *Financial Times*, 26 October 2005.

⁴⁹ In *El País*, for example, there is a further paragraph which seems tailored to Spanish sensitivities: 'The history of Europe is marked with crises overcome so that we could move ahead. Europe will again demonstrate its ability to do this by remaining true to its values and social model. It must marshal its forces while respecting the diversity of its nations, peoples and cultures. France is eager to work with its partners in this endeavour.' (translation taken from the version published in the *Malta Times*).

The same day, Spanish Prime Minister José Luis Rodríguez Zapatero seemed to give his support to Blair's general position in an article published in *The Guardian*.⁵⁰ This article, however, was mainly a plea for stronger European cooperation to deal with the kind of immigration pressures which were being so dramatically seen on Spain's borders with Morocco in the preceding weeks – which may help to explain why illegal immigration had been added to the agenda nearly at the last moment. In the version of Chirac's message which came out the same day in *El País* (and elsewhere), there are other parts which do not appear in (for example) the *Financial Times*: an explicit reference in the same sentence to Ceuta and Melilla together with the Italian island of Lampedusa in the Mediterranean, and the French territory of Mayotte off the African coast, both of which have been the subject of important flows of illegal immigration, and a statement that it is crucial to reinforce border controls and to conclude readmission agreements to guarantee the return of illegal immigrants to their countries of origin.

Following these references, the Chirac statement in both versions stresses the importance of reducing the gap between rich and poor countries. 'At France's initiative, Europe is substantially increasing its development assistance and must now work with sub-Saharan and north African countries for a concerted approach based on shared responsibility. We must endow co-development projects, for example, by providing innovative funding at European level.' Leadership in helping Africa – one of the biggest priorities of Tony Blair (and one which he and others in Britain have often contrasted with French indifference to the negative external impact of the CAP) – was thus attributed to France.

In the final run-up to Hampton Court, Blair, on the other hand, had abandoned initial plans for a pre-summit media communication, and seemed to be watering down somewhat his tone. This may partly have been because the British economy, after a period of recent strength, was now slowing down, while the Eurozone economy seemed to be rebounding. Although long-term conclusions were less clear, it was certainly no longer credible to assert any measurable superiority of the UK in terms of growth.⁵¹

The French démarche seemed to some observers to have been rather successful in influencing public perceptions of the agenda. And Chirac was clear in his insistence at Hampton Court that existing agreements on the

⁵⁰ José Luis Rodríguez Zapatero, 'Europe is the answer. Only through closer cooperation can we secure the safety and prosperity of our citizens.' *The Guardian*, 26 October 2005.

⁵¹ 'UK-French growth race adds spice to meeting', *Financial Times*, 26 October 2005.

future of the CAP should not be undermined by WTO offers, any more than by intra-EU negotiations.

The Hampton Court meeting was variously assessed as a setback, a non-event or a step forward in mending fences. The Danish Prime Minister, for example, was quoted as saying that the meeting had mended the damage done by the row in June. Swedish Prime Minister Persson reportedly saw signs of a will to compromise which might make it possible to reach an agreement over the budget by the end of the year.⁵²

⁵² BBC News 28 October 2005. 'Divided Europe on show at summit'.

4 CONCLUDING REMARKS

This paper has not tried to give an evaluation of the results of the UK Presidency. In the first place, it is simply too early to do so at this stage. Moreover, it is not easy to assess the specific contribution of a Presidency in achieving results in dossiers which have been worked on by various Council presidencies and depend for their outcome also on progress in the Parliament.

There have been results, and the performance of the UK Presidency seems to have been quite good so far when it comes to the practical management of Council business. All this, however, has been overshadowed so far by the historical coincidence of the UK Presidency with a major issue for the future of the Union in which the UK has a very special and controversial interest. The outcome of that story will only be known after the European Council which is scheduled to take place on 15–16 December.

The outcome will have a broader importance in shaping the UK's role in the European Union for the coming years. The enlarged Union in the world of 2005 does seem to be favourable for a more 'normalized' relationship in which the UK can succeed in consolidating a position of influence commensurate with its qualities. This will require significant changes in attitudes and in policies, both in the UK and elsewhere. Assuming that there is no change in the rotation proposed in December 2004, the UK will not have the presidency again until the second half of 2017. By then, perhaps, things may be different.

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