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EU reform negotiations: what's going on?

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3 EU reform negotiations: what's going on?

Summary

The Prime Minister, David Cameron, has on various occasions over the last few years set out proposals for EU reform which he maintains would benefit the UK and the EU as a whole. They can be summarised as follows:

- No to “ever closer union” and decisions taken far from people;
- Eurozone integration must be fair to those inside and outside the single currency;
- Welfare incentives encouraging EU citizens to seek work in Britain must be tackled;
- Need to maintain competitiveness, jobs, growth, innovation and success.

He pledged to hold an in-out referendum on continued EU membership by 2017 following a successful reform negotiation.

In a [statement](#) on 4 September 2015 David Cameron described the four broad areas in which the Government is seeking reform as “competitiveness, sovereignty, social security and economic governance”.

Mr Cameron presented his reform agenda to the European Council on 25-26 June 2015 and this triggered a process of “technical talks” on what might be feasible, with or without Treaty change. These talks have been held in camera between EU and UK officials, with very little publicly available information.

Since the summer David Cameron, Chancellor George Osborne, Foreign Secretary Philip Hammond, Europe Minister David Lidington, and other ministers, have held bilateral talks with other EU governments. These continued up to the December European Council meeting, at which the UK proposals were discussed over dinner.

The continuing economic problems in Greece and elsewhere affecting the stability of the Eurozone, and mounting pressure from refugees, asylum seekers and migrants from the Middle East and Africa arriving at the borders of the EU, may have had an impact on the negotiations.

The election in September of Jeremy Corbyn as Labour Party leader resulted in some uncertainty about Labour’s position on Europe, although since becoming leader Mr Corbyn has said he supports EU membership in a reformed EU.

In November the Prime Minister set out in detail his proposed reforms in a [letter](#) to European Council President Donald Tusk.

The pro- and anti-EU membership campaigns began in October. Opinion polls in December 2015 indicated that pro- and anti-membership supporters were roughly balanced.

The Commons European Scrutiny Committee published a [Report](#) on the negotiations and proposed reforms on 14 December 2015. The Lords European Union Committee has opened an [Inquiry](#) on Visions of EU reform.

This note looks at the Prime Minister’s proposed reforms, the level of support from other EU Member States, EU institutional initiatives of relevance to the Government’s reform agenda, the role – if any - of the devolved administrations in the negotiations, public opinion, the referendum campaigns and other recent developments, with reference where applicable to the European Scrutiny Committee report on the reform negotiations and its conclusions.

1. What are the Government's proposed reforms?

1.1 Bloomberg speech and other outlines

David Cameron has on various occasions over the last three years presented a general reform agenda of what he maintains are benefits for the UK and the EU. He identified areas for reform in his January 2013 [Bloomberg Speech](#), which he consolidated in an [article](#) in the Telegraph, 15 March 2014. They can be summarised as follows:

- No to “ever closer union” and decisions taken far from people;
- Eurozone integration must be fair to those inside and outside the single currency;
- Welfare incentives encouraging EU citizens to seek work in Britain must be tackled;
- Need to maintain competitiveness, jobs, growth, innovation and success.

David Cameron pledged to hold an in-out referendum on continued EU membership by 2017 following a successful reform negotiation. The [European Union Referendum Bill 2015-16](#) was introduced in the House of Commons on 28 May 2015 to provide for this. The Bill received Royal Assent on 17 December and is now [law](#).

The continuing economic problems in Greece and elsewhere affecting the stability of the Eurozone, and mounting pressure from refugees, asylum seekers and migrants from the Middle East and Africa arriving at the borders of the EU, may have had an impact on the pace and nature of the negotiations. The Foreign Secretary Philip Hammond told the BBC: “This migration crisis has thrown into stark relief some of the issues the EU has to deal with - and that plays directly into some of the issues we are raising in our renegotiation proposition”.¹ But he conceded he did not know whether or not this would end up helping the UK's case ahead of the referendum.

1.2 November 2015 letter to Donald Tusk

It was not until early November 2015 that more details of the UK proposals emerged in a letter from David Cameron to European Council President Donald Tusk.² The letter, [A new settlement for the United Kingdom in a reformed European Union](#), was made public on 10 November. On the same day the Prime Minister made a speech at Chatham House on “[The Future of Britain's Relationship with the EU](#)”.

The letter provided more detail on the four broad areas of UK reform: economic governance, competitiveness, sovereignty and immigration. David Cameron was confident of “an agreement here that works for

¹ [BBC News, 23 September 2015](#).

² [A new settlement for the United Kingdom in a reformed European Union](#), 10 November 2015.

everyone". However, the European Scrutiny Committee (ESC) pointed out on several occasions in its [December 2015 report](#) that the letter does not address the question of a "fundamental change in the UK's relationship with the EU", which is distinct from reform of the EU because it concerns UK national sovereignty.

Economic governance

Recognition that:

- The EU has more than one currency.
- There should be no discrimination and no disadvantage for any business on the basis of the currency of their country.
- The integrity of the Single Market must be protected.
- Any changes the Eurozone decides to make, such as the creation of a banking union, must be voluntary for non-Euro countries, never compulsory.
- Taxpayers in non-Euro countries should never be financially liable for operations to support the Eurozone as a currency.
- Just as financial stability and supervision has become a key area of competence for Eurozone institutions like the ECB, so financial stability and supervision is a key area of competence for national institutions like the Bank of England for non-Euro members.
- And any issues that affect all Member States must be discussed and decided by all Member States.

Economic governance, competitiveness, sovereignty, immigration

The ESC [concluded](#) that there was a genuine possibility of Eurozone caucusing in decisions taken by qualified majority, which could directly affect the UK, although the extent to which this might happen in single market and other policy areas was not clear. The Committee thought only Treaty change would provide the security needed to ensure "in a manner that provides legal certainty, a double majority system in relation to economic governance" and that any measure to protect UK national interests would have to be made available in all policy areas.

Competitiveness

The EU needs:

- A target to cut total burden on business
- To fulfil commitment to free flow of capital, goods and services
- A clear long-term commitment to boost the competitiveness and productivity of the EU and to drive growth and jobs for all.

General agreement that the EU must be more competitive and less burdensome.

The ESC [noted](#) the Commission's efforts to date and general EU-wide agreement to "further work on better regulation and on lessening the burdens on business while maintaining high standards". This is not an area of contention, but, as the Committee points out, the necessary

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changes to EU legislation are not likely to be adopted before the UK referendum, which causes “uncertainty”.

Sovereignty

- End Britain's obligation to work towards ever closer union “in a formal, legally-binding and irreversible way”.
- Enhance the role of national parliaments in the EU, with a new arrangement where groups of national parliaments, acting together, can stop unwanted legislative proposals.
- Full implementation of EU's commitments to subsidiarity.
- Confirmation that EU will fully respect purpose of Justice and Home Affairs Protocols in future proposals dealing with JHA matters, “in particular to preserve the UK's ability to choose to participate” (UK opt-in arrangement).
- National Security must be sole responsibility of Member States.

End “ever closer union” - for the EU or just the UK?

The ESC [considered](#) different expert opinions on the meaning and implication of “ever closer union”: is it integrationist and centralising or a commitment to devolved, democratic and transparent decision-making? Would its removal with regard to the UK have any significant effect other than at a symbolic or political level? The ESC noted the view of some experts that “the concept is of limited legal importance, is largely symbolic and that UK disengagement would fall short of the fundamental change in the existing relationship of the UK to the EU to which the Prime Minister aspires”. It also emphasised that any redrafting of the Treaty to disapply the concept with regard to the UK should not “undermine other concepts associated with ‘ever closer union’ such as democratic accountability of the EU and citizens’ rights”³ or risk the UK being marginalised.

On an enhanced role for national parliaments, the proposed “red card” mechanism for preventing unwanted EU legislation or strengthening the subsidiarity reasoned opinion procedure, the ESC [noted](#) that the “red card as it is proposed represents a practical threat to the exercise of UK parliamentary sovereignty as it makes the will of the UK parliament in a particular case subordinate to the differing collective view of a group of parliaments”. It concluded that “any red card procedure must not be limited in its scope to subsidiarity alone and must have thresholds and deadlines that would enable it to become an effective tool”.

³ For further information on “ever closer union”, see Commons Briefing papers CBP-7230, [“Ever Closer Union” in the EU Treaties and Court of Justice case law](#), 16 November 2015.

Immigration

- When new countries are admitted to the EU in the future, free movement will not apply to them until their economies have converged much more closely with existing Member States.
- Crack down on abuse of free movement, e.g. tougher and longer re-entry bans for fraudsters and those involved in sham marriages, stronger powers to deport criminals and stop them coming back.
- EU citizens coming to Britain must live here and contribute for four years before qualifying for in-work benefits or social housing.
- End the practice of sending child benefit overseas.

The ESC emphasised the inconclusive debate over the scale and motivation of EU immigration to the UK, the high complexity of the issues and the lack of clarity about the negotiations and the need for Treaty change. But the Committee felt Treaty amendment would be needed to make the outcome of the renegotiation “judge-proof”.

The ESC concluded that even if Treaty change were not needed (unlikely), changes to EU legislation would be. This would be difficult to negotiate and secure agreement on from other Member States, for whom commitment to the principles of free movement and non-discrimination are fundamental.

On 26 December there were reports that the German and French leaders were prepared to allow a ban on in-work benefit claims for three years, as long as it also covered Britons aged 18 to 21, so as not to discriminate against non-UK EU citizens.⁴

A “legally-binding and irreversible” agreement

The Prime Minister hoped the letter would “provide a clear basis for reaching an agreement that would, of course, need to be legally-binding and irreversible - and where necessary have force in the Treaties”.

Giving [evidence](#) to the ESC on 16 September, David Lidington envisaged that “the eventual package, if we are successful, would include various instruments and processes”. These included “treaty changes, protocols, declarations at European Council or other level, legislation at EU level, possibly involving some legislation at national level as well”.

The Foreign Secretary told the Commons on 20 October ([c800](#)) that the Government expected some of the UK reforms to require Treaty change and that “none of our partners welcomes the idea of treaty change, but

⁴ See e.g. [Politico, 26 December 2015](#).

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all of them accept that this is something we have to do if we are going to carry the British people with us”.

The experts giving evidence to the ESC considered what a binding and irreversible agreement might look like, given that it is not yet clear where Treaty change will be needed and that it is highly unlikely that any Treaty change would be achieved before the UK referendum. Based on precedents (e.g. Maastricht, Lisbon), the possible options included an international agreement in the form of a “Decision of the Heads of State and Government Meeting within the European Council” and a “legally binding and irreversible agreement to ratify Treaty amendment sometime in the future”. The ESC [concluded](#):

50. Simple clarification or supplementation of the existing Treaties could be achieved by an international agreement. This would be consistent with EU law but its limited nature is not compatible with realisation of “the opportunity to reform the EU and fundamentally change the UK’s relationship with it” envisaged by the Prime Minister in his statement to the House of 23 March 2015.

51. The deliberate distinction the Prime Minister made between EU reform and fundamental change to the UK’s relationship with the EU is important. The latter is a matter of constitutional significance such as to justify in itself the forthcoming referendum. However, this fundamental change is not now on the Government’s agenda. Therefore voters faced with the question whether to remain in or leave the EU will not have the choice of remaining in an EU with which the UK’s relationship is fundamentally changed.

The Committee also pointed out that change that could be achieved through amendments to EU legislation “is unlikely to be fully in place before the referendum and, in any case, is unlikely to cover all the areas of renegotiation” and might not be supported by the Commission and EP.

What’s not on the agenda?

The [2010 Conservative Party election manifesto](#) stated: “We will work to bring back key powers over legal rights, criminal justice and social and employment legislation to the UK.”⁵ The UK exercised its block opt-out from police and criminal justice measures in 2014, but what happened to social and employment legislation? There was no commitment to repatriate this in the [Conservatives’ 2015 election manifesto](#).

On 14 July 2015 the Labour MP Pat McFadden asked David Lidington about press reports in mid-July, “suggesting that the Prime Minister was seeking to wind back the clock and make the opt-out from the social chapter part of the UK Government’s negotiating strategy over Europe”. Mr Lidington’s Delphic advice was not always to trust what he read in the press ([c 717](#)).

⁵ The UK Government had opted out of EU social policy at the Maastricht Treaty negotiations in the early 1990s, but the incoming Labour government in 1997 opted back into this during the Treaty of Amsterdam negotiations.

On 31 August 2015 the [*Financial Times*](#) reported that the Prime Minister had “rejected Tory demands that he restore the British ‘opt out’ from all EU social and employment law”, which France and the European Parliament among others would have resisted.

2. Background

2.1 Cabinet Committee

A new Cabinet Europe Committee chaired by the Prime Minister was set up to consider “issues related to the EU referendum”.⁶

Described as “new, small and highly political”,⁷ the committee is separate from the bigger European Affairs Committee, which is chaired by the Foreign Secretary and deals with routine European business.

The members of the new committee are:

- Prime Minister, David Cameron
- Chancellor of the Exchequer, George Osborne
- Foreign Secretary, Philip Hammond
- Home Secretary, Theresa May
- Work and Pensions Secretary, Iain Duncan Smith
- Business, Innovation and Skills Secretary, Sajid Javid
- Chancellor of the Duchy of Lancaster, Oliver Letwin
- Parliamentary Secretary to the Treasury and Chief Whip, Mark Harper
- Minister for Europe, David Lidington

2.2 June 2015 European Council

David Cameron launched his reform agenda – briefly, over dinner - at the European Council on 25-26 June 2015, amid wider concerns about the Greek economic crisis, relations with Russia and mounting migration issues.⁸ At a [press conference](#) on 26 June 2015 he said:

... renegotiating the UK’s relationship with the European Union. The European Union needs to change. Britain’s relationship with the European Union needs to change, and I’ve got a plan to achieve that: reform, renegotiation and referendum. Now we’re already making progress on reforming the EU. We’ve cut the EU budget, we’ve cut the EU red tape, we’re getting on with completing the single market, but this is not enough. We need more substantive reform in four particular areas: sovereignty, fairness, competitiveness and immigration.

First on sovereignty, people in Britain rightly think that the EU interferes too much, that too many decisions are taken too far away from them, and that they absolutely are clear about one thing. They and I do not want to be part of an ever-closer union to be dragged into a state called Europe. That may be for others, but it will never be for Britain, and it is time to recognise that specifically.

⁶ [Cabinet Committees, 3 June 2015](#).

⁷ [Institute for Government, 12 June 2015](#).

⁸ The Lords European Union Committee noted this background in its report, [The referendum on UK membership of the EU: assessing the reform process](#), 28 July 2015; para. 84.

Second on fairness, as the eurozone integrates further, and there were discussions about that with the Five Presidents' report at this Council, we need to make sure the interests of both those inside and those outside the eurozone are fairly balanced. That in many ways is the key to what I'm trying to achieve. This organisation, the EU, has got to be flexible enough to have people and countries that are in the eurozone, to feel comfortable with their membership and countries that are not in the eurozone to feel that their membership is in their national interest too. That is the key. We need a settlement that recognises while the single currency is not for all, the single market and the European Union as a whole must work for all.

Third on immigration, we need to tackle the welfare incentives that attract so many people from across the EU to seek work in Britain. And finally, alongside all these, we need to make the EU a source of growth and jobs and innovation and success rather than stagnation. At this summit, my priority was to kick off the technical work on all of these issues and the specific reforms that we want in each area, and we've agreed that such a process will get underway, and we'll return to the issue at the December European Council.

The Prime Minister insisted that the proposed reforms were good not just for the UK but for the whole of the EU:

Now clearly these talks will take tenacity and patience, not all the issues will be easily solved, but I'm confident we can achieve this substantial package of reform for the benefit of Britain certainly, but I would argue for the benefit for the whole of the EU as well. Our membership of the EU will once again have a common market at its heart. We would have got off the treadmill to ever-closer union. We'd have addressed the issue of migration to Britain from the rest of the EU. We'd have protected Britain's place in the single market for the long term. It will not be the status quo. We will have fixed problems which have so frustrated the British people. It will be a new and different membership, one that is better for Britain and better for Europe, a membership rooted in what our national interest is today, a Britain in Europe, but not run by Europe.

The UK initiative was noted in two lines in the European Council [Conclusions](#): "The UK Prime Minister set out his plans for an (in/out) referendum in the UK. The European Council agreed to revert to the matter in December".

In a [statement to the House](#) on 29 June David Cameron was cautiously optimistic that with "tenacity and patience", the UK's future membership of the EU would be "a membership rooted in our national interest and a European Union that is better for Britain and better for Europe, too".

He assured the then acting Labour leader, Harriet Harman, that he would keep Parliament informed about the negotiations (c 1180). He told the Chair of the European Scrutiny Committee, Sir William Cash (cc 1187-8) that he would "go to these negotiations as an optimist and a believer that we can get a good deal for Britain". Following his meetings with the other 27 EU leaders, he acknowledged that although they did not instantly all agree to the points the UK Government was

"It will be a new and different membership, one that is better for Britain and better for Europe, a membership rooted in what our national interest is today, a Britain in Europe, but not run by Europe".

raising, they were “open to the sorts of reforms” he believed were necessary.

2.3 Labour views

The election of Jeremy Corbyn as the new leader of the Labour Party on 12 September 2015 gave rise to speculation that there might be a more pronounced eurosceptic element in the party's Europe policy.

Mr Corbyn told the [Guardian on 28 July 2015](#): “We cannot be content with the state of the EU as it stands. But that does not mean walking away, but staying to fight together for a better Europe”. On 14 September the *New Statesman* pointed to continuing ambiguities in Jeremy Corbyn's position on the UK's EU membership.⁹ [Reuters reported on 14 September](#) that Jeremy Corbyn believed the party should not automatically support a deal negotiated by the Prime Minister for the UK to remain in the EU. He and the Shadow Chancellor John McDonnell were concerned about the renegotiation removing the employment rights the EU had put in place over the years,¹⁰ although, as noted above, this does not appear to be on the Government's reform agenda.

Jeremy Corbyn “will not campaign for Britain to leave the EU”.

Tom Watson said in his deputy leadership speech on 7 September: “We need to make the socialist case to stay in. It's an easy case to make, because the EU, for all its many flaws, is an inherently progressive set of institutions”.

The Shadow Foreign Secretary, Hilary Benn, said the party would campaign for EU membership “under all circumstances”¹¹ and Jeremy Corbyn told the [BBC on 17 September](#) that while policy was “developing”, he could not foresee a situation where Labour would campaign under his leadership to leave the EU.

Open Europe's Pawel Swidlicki looked at Labour's position on a range of renegotiation issues:

Non-euro safeguards. Identified by Chancellor George Osborne as the single most important issue in UK-EU relations and supported by Labour in its GE manifesto. Given Corbyn's scepticism about the euro, the party will likely continue to back safeguards for non-euro member states on democratic grounds, although that could change if the changes are perceived as being designed to protect the City from EU regulation – Corbyn and his supporters want to see financial services regulated more heavily.

Free Movement. Corbyn is unashamedly pro-immigration and pro-welfare so he could drop the party's support for the principle of restricting benefits for new EU migrants, although this will cause problems with MPs who see the party's immigration stance as an electoral liability vis-à-vis UKIP and the Tories. Either way however Corbyn will not make a big deal about immigration during the

⁹ *New Statesman*, [Where does Jeremy Corbyn stand on EU membership?](#) 14 September 2015.

¹⁰ [Financial Times, 17 September 2015](#).

¹¹ [Financial Times, 14 September 2015](#). Labour views on Europe are also discussed in [Huffington Post, 14 September 2015](#).

campaign. A Corbyn-led Labour party would also demand that the UK play a more active role in Europe's refugee crisis.

Single market/competition policy: Whereas Labour has traditionally backed deepening the single market, under Corbyn it might become at best ambivalent and at worst outright hostile, particularly in the sensitive area of services. Corbyn would also like to pursue a much more interventionist economic and industrial policy and renationalise the railways, both of which risk running afoul of EU state aid and competition rules.

Free trade: Trade will be a key battleground in the referendum campaign and the EU-US free trade agreement, TTIP, could also become more prominent thanks to Corbyn. While the Labour establishment has backed TTIP, Corbyn and his supporters as well as much of the trade union constituency is strongly opposed seeing it as a secretive deal which would remove social protections and open public sector to private enterprise.

Increased role for national parliaments: Labour already backs an increased role for national parliaments and Corbyn himself is likely to be sympathetic – he listed the weakening of national parliaments as one of his reasons for voting against the Maastricht Treaty.

EU budget reform: This is another area where Labour could supporting the government – Corbyn and his supporters have long been critical of taxpayers subsidising landowners via the CAP and he was one of 17 Labour MPs to sign a letter in support of Open Europe's proposal to devolve regional development subsidies back to wealthier member states.¹²

2.4 No 'shopping list'

Immediately after the Conservative election win in May 2015, EU leaders urged David Cameron to "lay out a timetable and negotiating plan for his EU membership referendum".¹³

The House of Lords European Union Committee report published on 28 July 2015 found the Government's reform agenda rather vague and called for clarity to give the process credibility:

70. While the Government's priorities for reform are gradually crystallising, their precise parameters remain undefined. We appreciate that the Government is seeking to maximise its room for manoeuvre. Nevertheless, the onus is on the Government both to explain what it is seeking to achieve and the means by which it is seeking to achieve it. Clarity is needed so that Parliament can hold Government to account, so that partners in the EU institutions and other Member States can understand and respond to the UK's position, and so that the process is seen as a genuine one, enabling the electorate to make an informed decision in the referendum.¹⁴

The *Financial Times* assessed the Government's negotiating strategy and reasons for the lack of a list of precise demands at this stage:

"... the onus is on the Government both to explain what it is seeking to achieve and the means by which it is seeking to achieve it".

¹² Open Europe blog, [What are the implications of Corbyn's win for the EU debate and referendum campaign?](#) 12 September 2015.

¹³ *Financial Times*, 8 May 2015.

¹⁴ House of Lords European Union Select Committee, 3rd Report of Session 2015–16, [The referendum on UK membership of the EU: assessing the reform process](#).

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There are two reasons why Mr Cameron will not arrive in Brussels next week clutching a “shopping list” of the exact changes he wants to achieve before he holds a referendum on Britain’s EU membership.

The first is that his negotiating partners will treat such a list as an opening shot: a set of demands that can be whittled down in the course of months of talks in Brussels.

The second is that once Mr Cameron sets out exactly what he wants, he is allowing supporters of a British exit from the EU to enumerate exactly how his negotiation has failed.¹⁵

The [Financial Times](#) speculated on 22 September that UK negotiators were “loath to show their hand too early for fear the reforms will be picked apart by the ‘EU out’ campaign and portrayed as insignificant”, and even suggested that UK officials were beginning to “fret that the British unwillingness to play their hand will hamper the effort to build a watertight package”:

By late September there were reports that other EU leaders were becoming increasingly impatient about the UK Government’s lack of specific demands. The *Financial Times* quoted a French official asking for “a 10-page document laying out their proposals” which “must be somewhere, but we have yet to see it”.¹⁶

EU leaders impatient over the UK Government’s lack of specific, concrete demands.

2.5 The reform process is launched

Technical talks

The June 2015 European Council triggered the start of ‘technical talks’, involving UK and EU officials, about what might be feasible - with or without Treaty change. But very little has been made known about their progress. Commission President Juncker told MEPs on 14 October that the technical talks had not made “huge progress”, adding| “It takes two to tango ... our British friends have to dance”.¹⁷

Political events at the EU’s borders might have affected the progress of the talks. Austria was reported to have threatened to sabotage the negotiations in response to the UK’s refusal to accept thousands of migrants and asylum seekers from the Middle East seeking entry into Europe.¹⁸

The negotiators

The European Council President, Donald Tusk, has been overseeing the negotiating process at EU level, together with Piotr Serafin (strategy, coordination and management of the Cabinet), Martin Selmayr (Jean-Claude Juncker’s Chief of Staff), and the new Council Secretary-General, the Danish diplomat Jeppe Tranholm-Mikkelsen.

[Jonathan Faull](#), Director General for Internal Market and Services at the European Commission, heads a “Task Force for Strategic Issues Related to the UK Referendum”, which began its work on 1 September. He will

¹⁵ *Financial Times*, [David Cameron keeps secret details of EU reform demands](#), 18 June 2015.

¹⁶ E.g. [Financial Times, 22 September 2015](#).

¹⁷ [AOL, 15 October 2015](#).

¹⁸ See [Telegraph, 2 September 2015](#).

report directly to Commission President Jean-Claude Juncker.¹⁹ The Lords EU Committee concluded in its [July 2015 report](#):

29. The European Commission will have a key role, not only in framing the legislative response to any reform agreement, but also in building political support for that agreement. We welcome the appointment of a new Task Force for strategic issues related to the UK referendum, under the leadership of Jonathan Faull, as a sign of the Commission's commitment to the process.

Hubert Legal, Legal Adviser to the European Council and Director-General of the Council Legal Service, will seek to resolve any legal problems associated with the reforms.

The main UK negotiators are [Ivan Rogers](#), the UK Permanent Representative to the EU, Tom Scholar, the Prime Minister's Adviser for Europe and Global Issues, Edward Llewellyn, the Prime Minister's Chief of Staff, and Daniel Korski, Special Adviser to the Prime Minister. In May 2015 Mats Persson (of think-tank Open Europe) was appointed as the Prime Minister's adviser on Europe.

In their Report the Lords also underlined the importance of the European Parliament and the need for the UK Government to communicate with its representatives "as its approval is likely to be required for any legislative proposals that emerge".

David Cameron said at the end of July that the negotiations were going "quite well" and on 27 July the *Telegraph* [reported](#) on the meetings to date:

The British negotiating team is led by Ivan Rogers, the British ambassador to the EU, and Tom Scholar, the Prime Minister's chief European adviser. Specialist teams from the Foreign Office are drafted in for discussions on restoring the role of the UK Parliament, while Treasury experts advise on protecting Britain from the Eurozone.

They have met three times in the past month in Brussels with an EU task force led by Jonathan Faull, a British-born senior Commission official. It comprises aides to Jean-Claude Juncker and Donald Tusk, the European Council president, and a large team of lawyers from the Brussels legal secretariat.

Their work focuses on establishing which of Britain's demands require treaty change, and which can be secured through secondary legislation or formal political agreements.

The Lords EU Committee noted uncertainty over the negotiating process and actors:

There is uncertainty over the specific roles to be played by key UK negotiators including the Prime Minister, the Foreign Secretary and the Chancellor of the Exchequer, as well as over how the internal Whitehall coordination process will work. The Government needs to explain not only how the negotiating

Uncertainty over the roles of the negotiators and the internal Whitehall coordination process.

¹⁹ European Commission press release, [Continuity and change: Commission appoints new Secretary-General and reshuffles its senior management](#), 24 June 2015; see also ['EU Commission sets up Brexit unit'](#), *EUObserver*, 24 June 2015.

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process will operate from the UK point of view, but also how it will engage with key interlocutors in the EU institutions.²⁰

The report also called for more Government transparency concerning the negotiations, the actors and the institutions, to which the Government said in its [response](#):

The Government believes that the current arrangements are both adequate and efficient. The Government has been clear that the Prime Minister is leading the renegotiation, working closely with the Chancellor and Foreign Secretary. They are supported by other Cabinet Members and the Minister for Europe. This work is coordinated by the Cabinet Office. The Cabinet Committee on Europe also provides for collective Ministerial responsibility on these issues. Within the constraints of not providing a running commentary, the Government will continue to keep Parliament informed ...

The Government also expressed its willingness to appear before and engage with the Committee.

2.6 Time frame for negotiations and referendum

Although the Government pledged to hold a referendum on continued EU membership by 2017, its preferred course is reported to be for reform discussions to be completed in 2016, with a referendum by autumn 2016 at the latest; reports in November suggested June 2016.²¹ But the Government has been loath to commit to such a timetable, "given the potential for delay or disruption".²²

Asked about the timetable for the technical talks, the composition and mandate of the working group and a UK parliamentary contribution to the group's work, David Lidington replied that the discussions "should be led by substance, not schedule", that the technical discussions would "take several months" and that the Government would "keep Parliament informed".²³ He did not clarify whether or how "it is planned that national parliaments will be able to contribute to the work of that group". The Government reiterated this approach in its [response](#) to the Lords EU Committee report: "The Government has been clear that the outcome of the renegotiation will determine the timing of the referendum, by the end of 2017".

A referendum before 2017 is possible, but the Government is not committing to any particular timeframe.

²⁰ Lords EU Committee, 3rd Report of 2015–16, [The referendum on UK membership of the EU: assessing the reform process](#).

²¹ E.g. [The Times, 9 November 2015](#).

²² Lords, 3rd Report 2015-15, Summary of Conclusions and Recommendations.

²³ [Written question 8302](#), 8 September 2015.

The UK is due to hold the six-monthly Council Presidency in the second half of 2017, which might strengthen the argument for an earlier referendum. The Lords report concluded:

To stage a referendum on the UK's membership of the EU while it holds the Presidency would not only be highly undesirable, but also so difficult as to be practically impossible. It would be an insuperable distraction from any Presidency policy priorities that the UK sought to set out.²⁴

The UK Presidency of the EU in 2017 might have an impact on the timing of the referendum.

The Lords Committee thought that an early referendum was preferable, and that the Government should at this stage continue to plan for its 2017 Presidency; but that if it looked as though the pace of negotiations might prevent a referendum being held before the end of 2016, the Government "should explore alternatives, which could involve requesting one of the succeeding Presidencies to move forward to the second half of 2017".²⁵

Even if the UK voted to leave the EU in a referendum in 2016, it would still be a member of the EU in 2017 because the exit agreement would take a while to conclude, and without an exit agreement departure would be effective two years after notification of withdrawal ([Article 50\(3\) TEU](#)). However, a UK presidency after an out-vote would lack credibility and might be "politically untenable", as the Lords EU Committee concluded.²⁶

Also, France and Germany are due to hold elections in April/May and October 2017 respectively, and would probably be reluctant to continue reform negotiations during their campaign periods.

In Bulgaria on 3 December, David Cameron said the reform agenda was large, bold, wide ranging and difficult, and he said what many had already surmised: that agreement would not be reached at the European Council summit in December.²⁷ Instead, it was reported in mid-December that the Government was pushing for a final deal at the European Council summit in February 2016, with a preference for a referendum in June.

²⁴ [Summary of conclusions and recommendations](#), para. 2.

²⁵ *Ibid*, para. 4.

²⁶ *Ibid*, para. 3.

²⁷ [PM Bulgaria speech](#), 3 December 2015.

3. UK scrutiny of the negotiations

3.1 European Scrutiny Committee inquiry

In September 2015 the European Scrutiny Committee (ESC) announced that it would be scrutinising the UK Government during the renegotiation of the UK's relationship with the EU, paying particular attention to the legal aspects of the renegotiation. The ESC held four oral evidence sessions and received written evidence from a range of witnesses. The [Report](#) was published on 15 December 2015, and reference has been made to it throughout this note.

3.2 Government transparency?

The need to keep Parliament informed about progress in the negotiations has been raised in both Houses, and the Government has assured Parliament that it will be kept informed. The technical and reform discussions have so far been held in secret, but David Lidington told the House of Lords EU Committee how the Government would ensure transparency:

The statements after European Council meetings are one way in which to do that. Sessions such as this this afternoon provide another. I want to be straight with the Committee and say that we are not proposing to give a blow-by-blow account of a negotiation that will be in progress. I do not believe the Committee would expect that, and it is certainly not the way any previous British Government of any colour have conducted international negotiations. Ministers, I and other colleagues will make a point of having conversations with a broad range of Members of both Houses in Parliament. That is going to be an ongoing part of our operation. The Foreign Secretary has indicated that he would be willing to appear before this Committee at a later point as well.²⁸

The Government will not "give a blow-by-blow account of a negotiation that will be in progress".

The Committee reiterated its view that neither the Westminster Parliament nor those of the devolved nations should be presented with a "fait accompli at the end of the process" (para. 49).

The Commons EU Scrutiny Committee was not happy with the Government's assurances on transparency. In its [December Report](#) on the negotiations, the ESC considered the Government's approach "reactive and opaque. It places the onus on Parliament to guess when to request information and evidence, without information about the progress of the negotiations". The ESC was also disappointed that the Government had not given it the chance to debate the four main reform areas before sending the letter to Donald Tusk: "Allowing it to debate only the 'final offer' would be unacceptable. We consider it paradoxical that such an approach is being advocated by a Government professing to negotiate for a greater role for national Parliaments at EU level".

²⁸ Q 7. [Corrected transcript](#) of evidence, Select Committee on the European Union Inquiry on Renegotiation and Referendum on UK Membership of the EU, 30 June 2015.

In its [Conclusions and Recommendation](#), the ESC was disappointed that the Government had refused to give it an analysis of other Member States' views on its immigration and welfare proposals. It expected the Government, for the remainder of the negotiations, to provide a detailed written and oral statement on the outcome of the December European Council, followed by "regular debates on amendable motions", including some of the outstanding debates it had already recommended.

It asked the Government to "respond fully" to its Report "in the context of the outcome of the December Summit", to consult and "engage meaningfully with the Devolved Administrations, the Commission and the European Parliament", and to consider carefully the conclusions and recommendations of its current Report and any further such reports.

3.3 A role for the devolved administrations?

The reform negotiations are a reserved matter for the UK Government. The Cabinet Office Joint Ministerial Committee (Europe) provides a forum for the Ministers of the UK Government, the Welsh Government, the Scottish Government and the Northern Ireland Executive to discuss EU business.

David Lidington told the Lords EU Committee on 30 June 2015 that he would visit all three devolved Administrations later in 2015 and would be open to hearing their views as the negotiations continued. "None of them will have a veto, but they have the right to expect that we will make a point of listening to their opinions".²⁹ He [told the ESC](#) on 16 September that the three Heads of the devolved Administrations had been invited for bilateral meetings with the Foreign Secretary and that the UK renegotiation was on the Joint Ministerial Committee agenda:

That will give us the opportunity to make sure that we understand fully the concerns of the devolved Administrations and we can take account of their views. That is in addition to, not a substitute for, the duty that already exists for every Government Department, when it frames its approach to a particular dossier of ongoing EU business, to consult the three devolved Administrations where devolved competences are involved.

Mr Lidington later said the devolved Administrations "should regard themselves as having open channels to talk to me or to other parts of the UK Government at any stage if they had concerns about the Renegotiation".³⁰

In October 2015 in [written evidence](#) to the ESC, Professor Sionaidh Douglas-Scott³¹ pointed to various constitutional issues concerning the devolved administrations which could arise as a result of the UK renegotiation:

²⁹ Corrected transcript of [evidence](#) to Lords EU Committee Inquiry on Renegotiation and Referendum on UK Membership of the EU, 30 June 2015.

³⁰ Unrevised transcript of [evidence](#) to Lords Select Committee on the European Union Inquiry on EU reform and pre-Council meeting, 12 October 2015.

³¹ Queen Mary University of London; Lady Margaret Hall, University of Oxford.

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It is important to take note of the fact that a renegotiated settlement between the UK and EU could require a Legislative Consent Motion from the Scottish Parliament (and the other devolved administrations) because it would relate to powers that have been devolved. Although, as a sovereign parliament, the UK Parliament retains the power to amend the Devolution Acts, the UK government has stated that it will not normally legislate on a devolved matter, or on any change to the powers of the devolved nations, without the consent of the devolved legislature.^[8] This currently requires a Legislative Consent Motion under the Sewel Convention.^[9] However, the devolved legislatures might be reluctant to grant assent.

So the key question is whether any amendments resulting from a renegotiation of the UK's EU membership would result in the UK Parliament either legislating on a devolved power or attempting to vary the powers of the Scottish Parliament.

Whereas the renegotiations themselves, including proposed reforms, would seem to fall within the 'foreign affairs' section of reserved powers in Schedule 5, paragraph 7, Scotland Act, on the other hand any legislation introduced to implement negotiated reforms at Westminster which relate to devolved powers would trigger the Sewel Convention. Scotland, for example, now has devolved powers over certain areas on which the UK Government wishes to renegotiate EU membership, such as migrant access to housing and healthcare, and proposed control of housing benefits, social care benefits, and disability benefits. This may make it difficult for David Cameron to negotiate restrictions on migrant access to benefits in Scotland, as the UK Government may not legislate on Scottish matters without Scotland's consent.

Aside from this, amendments to fundamental aspects of the EU Treaties might also trigger the Sewel convention. If any such amendments resulting from renegotiation brought about a fundamental change relating, for example, to the EU's aims or objectives, these might activate the Convention.^[10] Relevant provisions in the Scotland Act, read in conjunction with s2(2) European Communities Act, permit the Scottish Government to "have regard to the objects of the EU" when exercising powers conferred on it by the Scottish Parliament. If renegotiations resulted in a fundamental change to EU objects, this could be interpreted as affecting the devolved power of the Scottish government to act pursuant to the provisions of ASPs. For example, the removal of the commitment to an "ever closer union" could be interpreted as such a fundamental change to the EU's "objects" given that it has been a seminal objective of the EU since its earliest days. Therefore considerable restrictions could be placed on the ability of the UK government to fulfil its ambitions regarding renegotiation of the UK's EU membership.

In a [debate](#) on 3 November 2015 on the Lords EU Committee's Third Report on the EU Referendum: [Assessing the Reform Process](#), Lord Boswell of Aynho urged the Government to engage more with colleagues in the devolved parliaments, "given the profound implications for the nations of the United Kingdom". The Earl of Courtown replied ([c1626](#)) that the UK Government would "involve the devolved Administrations as directly and fully as possible in decision-making on EU matters that touch on devolved areas".

The ESC was “not convinced that the Government has yet taken the need for genuine engagement with the Devolved Administrations seriously”.³²

Scotland

In its [response](#) to the [Smith Commission](#) which considered further powers for the Scottish Parliament after the no-vote at the Scottish independence referendum, the Scottish Government proposed that Scotland should have a formal role in determining the UK’s priorities and policies on international agreements relating to reserved matters that affect Scottish interests.³³ However, discussion in the Joint Ministerial Committee (Europe) remains Scotland’s main formal opportunity to try and influence the reform process in Scotland’s interests. Ultimately decisions are made by the UK Government.

Bilateral meetings are another opportunity. David Lidington told the Lords EU Committee that he had had regular contact with two Scottish Ministers (Fiona Hyslop and Humza Yousaf), who had been “very clear in explaining what the interests and views of the Scottish Government are”; the Foreign Secretary had also met the First Minister, Nicola Sturgeon, “to hear direct from her”.

The devolved administrations “cannot be kept in the dark” over EU reform negotiations.

Nicola Sturgeon has said the devolved administrations “cannot be kept in the dark” over the EU reform negotiations. She told the 24th British-Irish Summit on 19 June 2015 that the UK Government “cannot ignore the devolved administrations when it comes to its negotiating stance”.³⁴

The Scottish Parliament’s European and External Relations Committee is conducting an inquiry into the implications for Scotland of the EU membership referendum and the Government’s EU reform agenda.

In [written evidence](#) to the Committee, several contributors called for more Scottish input to the reform negotiations, and the view was expressed that excluding Scottish Ministers from the negotiation might make a Scottish exit from the UK more likely if there were another independence referendum.³⁵ Information on the Inquiry can be found on the Scottish Parliament [website](#), including a briefing by Professor Sionaidh Douglas-Scott on [EU reform and the EU referendum: implications for Scotland](#).

On 16 December, the House of Lords European Union Select Committee visited Edinburgh to discuss Scottish perspectives on the UK Government’s vision for reform of the EU, ahead of the European

³² ESC Report, [UK Government’s renegotiation of EU membership: Parliamentary Sovereignty and Scrutiny. Engagement with Parliament and others](#), December 2015.

³³ See [SPICe briefing 15/71: Negotiating the reforms at EU level](#), 30 October 2015. In August 2014 the Scottish Government published [Scotland’s Agenda for EU Reform](#), which set out two possible ways to reform the EU without renegotiating the Treaties.

³⁴ [STV, 19 June 2015](#).

³⁵ E.g. [John Bruton, June 2015](#).

Council summit. The Committee heard evidence from Fiona Hyslop MSP, Scottish Government Cabinet Secretary for Culture, Europe and External Affairs; from the Scottish Parliament European and External Relations Committee. The Chairman, Lord Boswell, also met Nicola Sturgeon to discuss the Scottish Government's perspective on the UK Government's reform agenda.

Wales

The National Assembly for Wales' [Constitutional and Legislative Affairs Committee](#) is carrying out an inquiry into the UK's EU reform agenda, looking at how Wales can influence the process and its likely impact on Wales. Members have had talks in Brussels and given evidence to the Lords EU Committee.

According to a report in *WalesOnline*, a Welsh Government spokesman has pointed to "a number of unanswered questions about how the UK Government intends to manage negotiations on the UK's membership", but that the Welsh Government was "in regular contact with the UK Government and expect them to clarify their position".³⁶ The report also quoted Plaid Cymru MEP Jill Evans:

As Wales gains from European Union membership, London's failures to prepare for re-negotiation and a referendum and the failure to involve Wales in these discussions are not something that we should be taking lightly. It is very concerning that London still has no procedures in place to deal with the re-negotiation of powers with Europe.

Northern Ireland

Some commentators suggest the level of debate in Northern Ireland about the EU reform negotiations and the possibility of a UK withdrawal is not encouraging.

In a [debate](#) in the Northern Ireland Assembly in April 2015 on the report of the Committee for the Office of the First Minister and Deputy First Minister (OFMDFM) on Assembly Committees' Priorities for European Scrutiny in 2015, the Committee Chairperson Mike Nesbitt said it was "vital that Northern Ireland's voice is heard loud and clear in any UK negotiations in Europe with other member states".³⁷

In response to a query from the Committee for OFMDFM, OFMDFM advised on 4 November that:

The matter of EU reform and the renegotiation of the UK's membership of the European Union has not yet been brought to the Executive Committee. When the Government's proposals are known, departments will engage bilaterally with their Whitehall counterparts on issues of sectoral relevance. Junior Ministers will make the Executive's views known to the UK Government through the Joint Ministerial Committee (Europe).

³⁶ [WalesOnline, 29 July 2015](#).

³⁷ Committee Business, [European Scrutiny Priorities 2015, 13 April 2015](#) (NIA 225/11-16).

This response contrasts with [correspondence](#) on 18 September 2015 from David Lidington to the European and External Relations Committee in Scotland, when he said:

While the Referendum Bill remains before the UK Parliament, any discussion of the issues with other stakeholders on the public record would be inappropriate and, by necessity, very limited. We are, however, considering the interests of all of the UK, and I am sure that the Scottish Parliament is communicating its views on this subject to the Scottish Government. In my previous reply I mentioned a number of opportunities for engagement between the UK and Scottish Governments on this issue. These discussions are taking place, as are comparable conversations with the Welsh and Northern Ireland Governments, and are providing us with greater clarity on the interests of the Devolved Administrations in the reform and renegotiation agenda.

4. What's been happening in the EU institutions?

4.1 European Council

The European Council comprises Heads of State and Government and is key to the Government securing reform. If Treaty change is needed, it will need the unanimous agreement of the European Council.

In its [July 2015 Report](#) the Lords EU Committee acknowledged the importance of the European Council but wanted to know more about the role of its President and Secretary-General in the negotiations:

25. The European Council will be the key forum for reaching agreement between the UK and the other 27 Member States. To that end, we welcome the European Council's role in coordinating technical discussions under the leadership of President Tusk. We call on the Government to explain in greater detail what precise role Mr Tusk's Cabinet, and the new Council Secretary-General, Jeppe Tranholm-Mikkelsen, will play in the process.

There has been scant mention of the negotiations on the [website](#) of the Luxembourg EU Presidency. In an interview with [EurActiv on 31 August 2015](#), the Luxembourg Prime Minister, Xavier Bettel, said he was not prepared to give anything to the UK, even though he agreed with David Cameron that the EU needed to be more efficient.

The Netherlands Presidency which begins in January 2016 will continue to direct the reform negotiations.

Donald Tusk's letter to European Council on the UK referendum

On 7 December the European Council President [wrote](#) to the Member States about the UK proposals before they were discussed at the summit. The issues raised were "difficult", he wrote, but he thought "good progress" had been made and there was "a strong will on the part of all sides to find solutions that respond to the British request while benefiting the European Union as a whole".

Donald Tusk's assessment of the four UK areas was as follows:

1. On the relations between the euro ins and outs we could search for an agreement around a set of principles that will ensure the possibility for the euro area to develop further and be efficient while avoiding any kind of discrimination vis-à-vis Member States that are not yet, or, in some cases, will not be part of the euro. We are also looking into the possibility of a mechanism that will support these principles by allowing Member States that are not in the euro the opportunity to raise concerns, and have them heard, if they feel that these principles are not being followed, without this turning into a veto right.
2. On competitiveness, there is a very strong determination to promote this objective and to fully use the potential of the internal market in all its components. Everybody agrees on the need to further work on better regulation and on lessening the burdens on business while maintaining high standards. The

The important role of the European Council President in the negotiations.

Donald Tusk

"Our goal is to find solutions that will meet the expectations of the British Prime Minister, while cementing the foundations on which the EU is based. Uncertainty about the future of the UK in the European Union is a destabilizing factor. That is why we must find a way to answer the British concerns as quickly as possible".

contribution of trade to growth is also very important in this respect, in particular trade agreements with fast growing parts of the world.

3. The third basket concerns sovereignty. There is wide agreement that the concept of "ever closer union among the peoples" allows for various paths of integration for different countries. Those that want to deepen integration can move ahead, while respecting the wish of those who do not want to deepen any further. There is also a largely shared view on the importance of the role of national parliaments within the Union as well as strong emphasis on the principle of subsidiarity.

4. The fourth basket on social benefits and the free movement of persons is the most delicate and will require a substantive political debate at our December meeting. While we see good prospects for agreeing on ways to fight abuses and possibly on some reforms related to the export of child benefits, there is presently no consensus on the request that people coming to Britain from the EU must live there and contribute for four years before they qualify for in-work benefits or social housing. This is certainly an issue where we need to hear more from the British Prime Minister and an open debate among ourselves before proceeding further.

He concluded that the December European Council should "address all the political dilemmas related to this process" and that based on a "substantive political discussion", the European Council should be able to prepare a "concrete proposal to be finally adopted in February". Finally, he called on Member States and the EU Institutions to show "readiness for compromise", and stated:

Our goal is to find solutions that will meet the expectations of the British Prime Minister, while cementing the foundations on which the EU is based. Uncertainty about the future of the UK in the European Union is a destabilizing factor. That is why we must find a way to answer the British concerns as quickly as possible.

December 2015 European Council summit

The European Council met on 17-18 December at the end of the Luxembourg Presidency. This was to be the opportunity for "a substantive political discussion" of the UK reform package, although it had become clear in the weeks before the meeting that agreement would not be reached at this summit.

David Cameron presented his reform bid for "over half-an-hour"³⁸ at the summit dinner on 17 December. The talks were reported as "substantive and constructive" and Donald Tusk described them as a "make or break moment".³⁹ BBC News [commented](#) that the discussion over dinner was the first time EU leaders had discussed Mr Cameron's reform proposals in detail.

On 5 January 2016 David Cameron reported to the House on the December European Council, saying:

- Substantive and constructive talks
- Broadly positive
- More optimistic
- Treaty change later

³⁸ [BBC News, 17 December 2015.](#)

³⁹ Ibid.

... at this Council we had an entire session focused on this issue, lasting several hours, and with almost every European leader contributing. I am happy to go into detail on what was an extensive discussion, but the key points were these. There was strong support for Britain to stay in the EU. European leaders began their remarks by saying not that Britain is better off in Europe, but that Europe would be better off with Britain staying in it. All wanted to reach an agreement that would address the concerns we have raised. There was extensive discussion of all four areas, and difficulties were raised with all four of them. The most difficult issues were around free movement and welfare.

There was, however, a great deal of good will.⁴⁰

The summit was dominated by the on-going migration crisis and the [Conclusions](#) noted only that “The European Council had a political exchange of views on the UK plans for an (in/out) referendum”, and that the European Council would work towards finding “mutually satisfactory solutions in all the four areas” at the February 2016 European Council meeting.

Some commentators viewed the lack of substantive progress as a setback, while others were more optimistic. David Cameron said that the meeting had “taken a big step to a better deal for Britain but there is still a lot of hard work to be done”. He dismissed suggestions that he had abandoned plans to deny EU migrants access to in-work benefits during the first four years, saying that his proposal remained on the table.

Donald Tusk was “much more optimistic today than before our meeting”.

The German Chancellor Angela Merkel was optimistic but said “work on substance needs to be done. Treaty change might be possible. Not now but perhaps later”.⁴¹ The French President Hollande said adjustments could be made to meet UK demands but EU rules and principles had to be respected.

Open Europe’s Stephen Booth said on BBC Radio 4’s Today Programme that the ‘mood music’ from other EU leaders was broadly positive, but that David Cameron needed to secure significant reforms, including on migration, for any package to be credible in the referendum campaign.

David Cameron said: “I believe that 2016 will be the year we achieve something really vital, fundamentally changing the UK’s relationship with the EU and finally addressing the concerns of the British people about our membership”.⁴²

4.2 Council of Ministers

One of David Cameron’s reforms – equality for non-Eurozone members of the EU – has been on the Council agenda. On 12 September 2015, the Luxembourg Presidency introduced a note on deepening Economic and Monetary Union (EMU), which formed the basis for informal

⁴⁰ [HC Deb 5 January 2016 cc 27-28](#)

⁴¹ [BBC News, 18 December 2015.](#)

⁴² [EurActiv, 18 December 2015.](#)

discussion among ECOFIN Ministers – not just the Eurogroup - on the way forward. The discussion included improving the dialogue between the 28 Member States and the 19 Eurozone States. ECOFIN President, Pierre Gramegna, said this dialogue must be structured, open and transparent, with options for non-Eurozone States to participate “in certain aspects”, and that the single market must be preserved, “because this is a project that involves all 28 countries”.⁴³

Improving dialogue between Eurozone and non-Eurozone states.

The Commission would set up an expert group to draft a white paper on the second stage of EMU reform. Ideas were outlined in a report presented on 22 June 2015 by the Presidents of the five institutions governing the single currency - the European Commission, Parliament and Council, the Eurogroup and the European Central Bank (the [Five Presidents' Report](#)). In mid-October 2015 the Commission implemented Stage 1 of the 'Five Presidents' Report'.⁴⁴ It is likely that some of the proposed reforms will involve Treaty change, which could provide an opportunity for some of David Cameron's reforms to be implemented.

In October the Commission published five documents on a range of matters, including suggestions that Eurozone Members establish National Competitiveness Boards, the creation of a European Fiscal Board and moves towards Eurozone representation in international financial institutions. The European Scrutiny Committee recommended these documents and the Five Presidents' Report for debate on the floor of the House, but to date this has not taken place.

4.3 European Parliament

The EP will need to give its consent to any changes to secondary legislation arising from the reform negotiations. It must also give its consent to a decision by the European Council *not* to convene a fully-fledged Convention to amend the Treaties.⁴⁵ According to David McAllister, a German MEP from the European People's Party, “They're doing a lot of confidential talks in the Commission, the Council and now they're starting to reach out to Parliament, talking to MEPs from the different groups”. He said he had met with two of David Cameron's representatives in the previous two weeks.⁴⁶ The Prime Minister will need to get party and group leaders on board.

Will David Cameron address the European Parliament?

“Amid mounting frustration at his closed-door renegotiation”,⁴⁷ Guy Verhofstadt, leader of the Alliance of Liberals and Democrats for Europe Group, asked the EP President Martin Schulz to invite David Cameron to a plenary session to explain his vision for a reformed EU.⁴⁸ On 10 September Mr Verhofstadt [tweeted](#) his delight that Mr Cameron had accepted the invitation, which he described as “A chance to put his cards on the table”. Mr Cameron has not yet taken this step, but the

⁴³ Informal Ecofin Council, [Deepening the EMU and the bridge financing for the Single Resolution Fund on the agenda of the ministers](#), 12 September 2015.

⁴⁴ See [Commission press release, 21 October 2015](#).

⁴⁵ Which it did on 18 April 2012 with regard to the “Irish Protocol” because it was “not justified by the extent of the proposed amendments” (Article 48.3 TEU).

⁴⁶ [Politico, 17 September 2015](#).

⁴⁷ [Telegraph 31 August 2015](#)

⁴⁸ [Politico, 31 August 2015](#).

Government [replied](#) to the Lords EU Committee report that the Prime Minister had held “constructive discussions” with EP President Schulz when he visited the UK in June, and that the Government would “continue to engage regularly with key European Parliament actors on the reform process”.

[Politico, 17 September](#), quoted a UK diplomat who thought the increase in UK engagements with the EP showed the UK was “taking the EP seriously”. However, the Government will have a difficult job convincing the EP to agree to more power for national parliaments in the decision-making process if this would mean the EP losing some of its own powers.

4.4 European Commission

Commission officials have been in “listening mode”, waiting for the UK’s concrete demands. Recent Commission initiatives and legislative proposals may also address some UK concerns.

European Commission: in “listening mode”.

At the end of July 2015 the Commission launched a consultation on EU Social security coordination, part of the Labour Mobility Package announced in the Commission Work Programme 2015.⁴⁹ EU social security coordination involves rules to protect the rights of people moving within the EU to ensure they do not lose their social security protection when moving to another EU State. Member States’ social security systems are different, though under EU law, [Regulation \(EC\) No 883/2004](#), in particular, there are common rules and principles aimed at coordinating social security rights acquired in different Member States.

The Commission aims to tackle abuse “by means of better coordination of social security systems”⁵⁰ and the consultation focuses on family benefits, unemployment benefits and posted workers. The package will address to some extent two UK concerns: freedom of movement and so-called ‘benefits tourism’.

Juncker’s state-of-the-Union address

Jean-Claude Juncker spoke about the UK renegotiation in his [state-of-the-Union address](#) to the EP on 9 September 2015. He conceded that it would not be “honest nor realistic” to suggest that the outcome of the UK referendum would not be of “strategic importance for the Union as a whole”. Juncker emphasised his commitment to the UK remaining in the EU but made clear that any deal struck would not “only be fair for Britain but also fair for the other 27 Member States”. He wanted to strike a balance between allowing scope for the UK to further integrate in some areas and “recognising the reality” that not all Member States participated in all areas of EU policy. Juncker affirmed his belief that the EU was better with the UK in it and that the UK was better within the EU. The following extract is from the authorised address:

Jean-Claude Juncker: “a fair deal for Britain”

⁴⁹ See page 3, ANNEX to Commission Communication, Commission Work Programme 2015, A New Start, [COM\(2014\) 910 final](#), 16 December 2014.

⁵⁰ Commission Communication, [Commission Work Programme 2015 A New Start](#), COM/2014/0910 final.

The British are asking fundamental questions to and of the EU. Whether the EU delivers prosperity for its citizens. Whether the action of the EU concentrates on areas where it can deliver results. Whether the EU is open to the rest of the world.

These are questions to which the EU has answers, and not just for the sake of the UK. All 28 EU Member States want the EU to be modern and focused for the benefit of all its citizens. We all agree that the EU must adapt and change in view of the major challenges and crisis we are facing at the moment. [...]

It is my very personal commitment to improve the way in which the Union works with national Parliaments. I have inscribed a duty to interact more closely with national Parliaments in the mission letters of all Members of my Commission. **I am convinced that strengthening our relationship with national Parliaments will bring the Union closer to the people that it serves.** This is an ambition that I know Prime Minister David Cameron also shares. I am confident that we will be able to find a common answer.

Over a year ago, when I campaigned to become President of the Commission, I made a vow that, as President, I would seek a fair deal for Britain. A deal that is fair for Britain. And that is also fair for the 27 other Member States.

To be fair to the UK, part of this deal will be to recognise the reality that not all Member States participate in all areas of EU policy. Special Protocols define the position of the UK, for instance in relation to the euro and to Justice and Home Affairs. To be fair to the other Member States, the UK's choices must not prevent them from further integration where they see fit.

I will seek a fair deal for Britain. I will do this for one reason and one reason alone: because I believe that the EU is better with Britain in it and that Britain is better within the EU.

Mr Juncker said the Commission was already working on many of the UK demands: reducing bureaucracy (the Timmermans Better Regulation programme), opening up markets (e.g. the energy union), and concluding new trade agreements (e.g. the Transatlantic Trade and Investment Partnership - TTIP), but he also made clear that "the freedom of movement of workers cannot be touched".⁵¹

The Government welcomed the speech, "with a few caveats".⁵²

European Agenda on Migration

A Commission initiative for a [European Agenda on Migration](#) seeks to reduce the incentives for irregular migration, save lives and secure the

⁵¹ German Chancellor Merkel has also said that the EU's principles of free movement and non-discrimination are "non-negotiable" ([Telegraph, 15 October 2015](#)).

⁵² David Lidington, [evidence to ESC, 16 September 2015](#).

EU's external borders, implement a strong asylum policy and a new policy on legal migration.⁵³ In an Explanatory Memorandum on the Commission's Work Programme David Lidington said labour migration from outside the EU should be a matter for Member States, not the EU, to determine (the UK had not opted into the existing Directive). The Government had concerns about "enhanced resettlement" of refugees and "burden-sharing" on asylum seekers.

Reducing incentives for irregular migration.

The Government believes that the EU must maintain the previously agreed policy regarding the primary responsibility of individual Member States, with solidarity being provided by way of practical cooperation in support of that responsibility. Compulsory burden sharing or resettlement measures will remain a Government red line. We will also continue to remind the Commission of the need for effective EU action to tackle the abuse of free movement by illegal migrants from outside the EU, for example through sham marriages.⁵⁴

Better Regulation Package and REFIT Programme

The Commission's [Better Regulation package](#) adopted on 19 May 2015 included a number of proposals which could address UK and other Member States' concerns. Commission Vice-President Frans Timmermans has worked on measures to reduce the burden of over-regulation from the EU, provide more independent scrutiny of EU proposals and a better assessment of costs, all of which the UK Government supports.⁵⁵ The *Financial Times* suggested Timmermans would be the Commission's "point man" in the reform negotiations, but Mr Timmermans, like everyone else, was waiting for clarity on the UK's exact demands. He told the *Financial Times* in an [interview on 19 May 2015](#):

Reducing the burden of over-regulation from the EU.

Some of the issues put on the table we've discussed before. Very few of the issues are purely British issues; most of the issues are shared by a number or even many member states. So I think whatever discussion comes out of this will have a keen interest of all member states and all institutions, including the commission and the European Parliament.

The Commission has also made further proposals to repeal legislation under its [REFIT](#) programme.⁵⁶ The Government would like the Commission to use its Business Taskforce reports⁵⁷ and [Balance of Competences Review](#) to identify targets for repeal.⁵⁸

On 19 May the Commission also opened negotiations with the EP and Council over a new Interinstitutional Agreement (IIA) on Better Law-making.⁵⁹ The Communication on the IIA was discussed at the General

⁵³ For information on EU migration policy, see CBP 7210, 8 September 2015, [Migration pressures in Europe](#).

⁵⁴ Cabinet Office [Explanatory Memorandum 5080, 14 January 2015](#).

⁵⁵ David Cameron, [EurActiv, 21 May 2015](#).

⁵⁶ For recent information on REFIT, see [Regulatory Fitness and Performance Programme \(REFIT\) State of Play and Outlook "REFIT Scoreboard"](#), 19 May 2015.

⁵⁷ [Cut EU red tape. Report from the Business Taskforce](#), October 2013, and [Cut EU red tape One year on](#), November 2014.

⁵⁸ [FCO press release, 22 September 2015](#).

⁵⁹ [COM\(2015\) 216](#).

Affairs Council (GAC) on 23 June 2015 and the Council endorsed it on 15 December 2015.

The UK Government welcomed the proposals in general, but, in line with its reform agenda, wanted the rules on the implementation of EU legislation by Member States to “provide sufficient flexibility to address individual national characteristics. Member States should also preserve full autonomy over plans for implementation”.⁶⁰ The Government also commented on the reference in the draft text to the role of national parliaments:

The Government believes that there is much that can be improved in engagement between the EU institutions and national parliaments and will continue to underline the importance of this issue for the UK during the IIA negotiations and elsewhere.⁶¹

Flexibility in EU law-making to address individual national characteristics.

4.5 EU Court of Justice

A European Court of Justice ruling of 15 September 2015 upheld the right of countries to deny certain social benefits to economic migrants and was welcomed by UK Conservative MEPs. In the *Alimanovic* case,⁶² the EU Court of Justice [ruled](#) that EU citizens “who go to Germany to obtain social assistance or whose right of residence arises solely out of a search for employment are excluded from entitlement to German benefits by way of basic provision (‘Grundsicherung’).⁶³

Alimanovic ruling makes it easier to curtail welfare benefits.

Professor Steve Peers in the EU Law Analysis blog, 15 September 2015, looked at the implications of the ruling for the Government’s EU reform proposals in the area of free movement and entitlement to welfare benefits. He concluded that “in general the judgment makes it easier to achieve the negotiation objectives of curtailing the benefits of former workers who are now unemployed, but it reaffirms the difficulty of changing rules relating to expulsion of job-seekers”.⁶⁴

⁶⁰ Government [Explanatory Memorandum, 25 June 2015](#).

⁶¹ Ibid.

⁶² Case C-67/14: Jobcenter Berlin Neukölln v Nazifa, Sonita, Valentina and Valentino Alimanovic

⁶³ Court of Justice [Press release No 101/15](#), 15 September 2015. In the recent judgment in *Dano*, the Court held that such exclusion is lawful in the case of Member State nationals who go to another Member State with no intention of finding employment there.

⁶⁴ Steve Peers, [EU citizens’ access to benefits: the CJEU clarifies the position of former workers](#), 15 September 2015.

5. The referendum campaigns

5.1 *Leave.EU* and *Vote Leave*

In September 2015 the [Leave.EU](#) campaign was launched, becoming the officially designated lobby group for the campaign to leave the EU. Its founder is Arron Banks and members include business representatives and UKIP members.

Vying for designation as the official out campaign group is [Vote Leave](#), which is headed by the TaxPayers' Alliance founder Matthew Elliot and the former special advisor to Michael Gove, Dominic Cummings. The campaign was launched on 8 October 2015. *Vote Leave* claims the support of UKIP members, Business for Britain, Labour Leave and Conservatives for Britain, among others. According to the [Guardian, 9 October 2015](#), business backers include the entrepreneur John Caudwell, Reebok founder Joe Foster, Michael Freeman of the Argent Group, Foyles & Noved chairman Christopher Foyle, Numis Securities CEO Oliver Hemsley, C Hoare & Co managing partner Alexander Hoare and Crispin Odey, the founding partner of Odey Asset Management.

The two campaigns have different approaches: the former comprises those who believe in EU reform but think David Cameron will fail to achieve it, while the latter disagrees with the principles of the EU as an organisation. A merger of the two campaigns has been mentioned and so far dismissed; a Spectator blog [commented](#) on 20 October 2015 "détente among the Brexiters may still be a long way off".⁶⁵

The former chancellor, Lord Lawson, announced in October that he would lead a cross-party campaign to leave the EU.⁶⁶

It is not yet clear whether David Cameron will allow Cabinet colleagues to break away from collective responsibility and campaign against him if he were to support a vote to stay in the EU. On 27 December the former Conservative leader and former Home Secretary, Michael Howard, called for ministers to be given a free vote. In an interview on the BBC's *The World This Weekend*, Lord Howard – a Eurosceptic – disagreed with other Conservative colleagues about the campaign and the whip.⁶⁷

5.2 Britain Stronger in Europe

The pro-EU campaign is led by *Britain Stronger in Europe*, which has the backing of three former prime ministers (Tony Blair, Sir John Major and Gordon Brown), business heavyweights such as Virgin founder Sir Richard Branson and The Apprentice's Baroness Brady. According to the [Guardian, 12 October 2015](#):

The campaign also confirmed that a group of cross-party 'champions' are also joining as backers of Britain Stronger in

⁶⁵ For further information, see BBC News, [EU referendum: Who's who guide to the UK exit campaigns](#), 9 October 2015.

⁶⁶ See [Telegraph, 1 October 2015](#).

⁶⁷ [BBC News, 27 December 2015](#).

Europe. They include Conservative party politicians Flick Drummond MP, Sajjad Karim MEP, Ben Howlett MP, and campaign board member Damian Green MP, together with the Liberal Democrat peer Jim Wallace, Green party MP and campaign board member Caroline Lucas and Labour party MPs Emma Reynolds, Margaret Hodge, Stephen Kinnock and Chuka Umunna.

Stuart Rose, the former chief executive of Marks & Spencer, launched the campaign on 12 October 2015.

On 16 December Sir John Major warned David Cameron on BBC Radio 4's Today Programme against "flirting" with leaving the EU "at a moment when the whole world is coming together".⁶⁸ This was "very dangerous and against our national interests". The EU reform negotiations should not, he said, "decide whether or not we remain inside the European Union". The report continued:

Sir John was effectively warning the prime minister not to base his campaign for Britain to stay in the EU entirely on the reformed relationship he is hoping to negotiate this week.

"This renegotiation is important," he said, "but it shouldn't decide whether or not we remain inside the European Union." Instead, Sir John implied that Downing Street should be doing more to make the broader case for staying in.

The former Conservative Party leader and Foreign Secretary, William Hague, has also argued that, despite the EU's flaws, he will probably vote to remain in the EU. Writing in the [Telegraph, 22 December](#), he said he was concerned that a vote to leave could prompt Scottish secession and an unravelling of the EU: "To end up destroying the United Kingdom and gravely weakening the European Union would not be a very clever day's work. So, even as a long-standing critic of so much of that struggling organisation, I am unlikely in 2016 to vote to leave it".

5.3 Labour party campaign

On 1 December the Labour party launched a pro-EU campaign, *Labour In For Britain*, headed by the former cabinet minister Alan Johnson, who said that the Paris terror attacks on 13 November showed the need for the UK to "stand shoulder to shoulder" with its European partners.

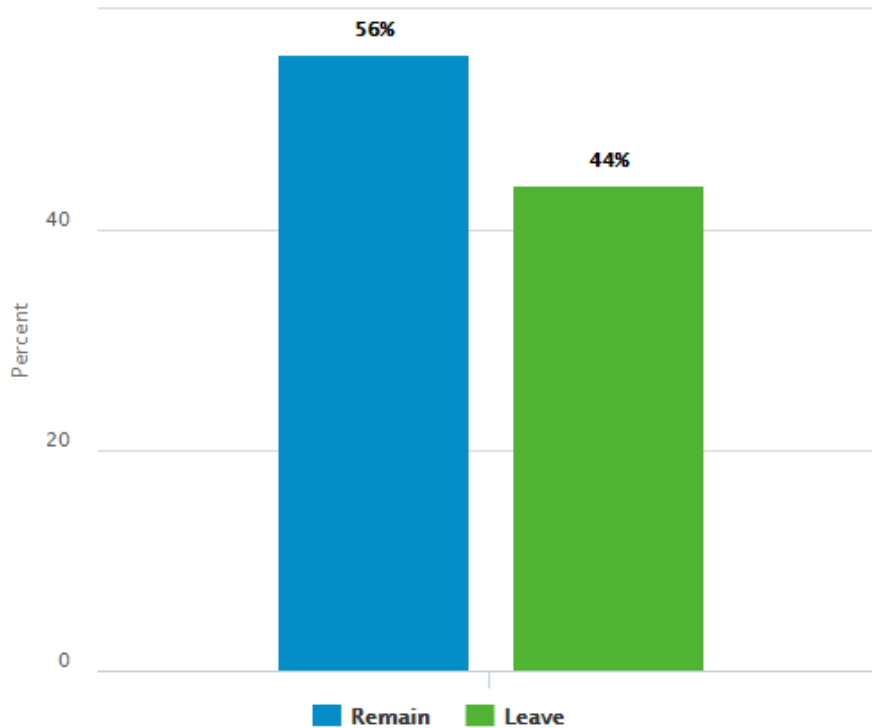
5.4 Public Opinion

According to recent opinion polls, there is still a majority in favour of staying in the EU. ICM's [referendum tracker](#) on 28 October 2015 found that 54% were in favour of remaining in the EU, while 46% were opposed, but the gap appears to have widened more recently.

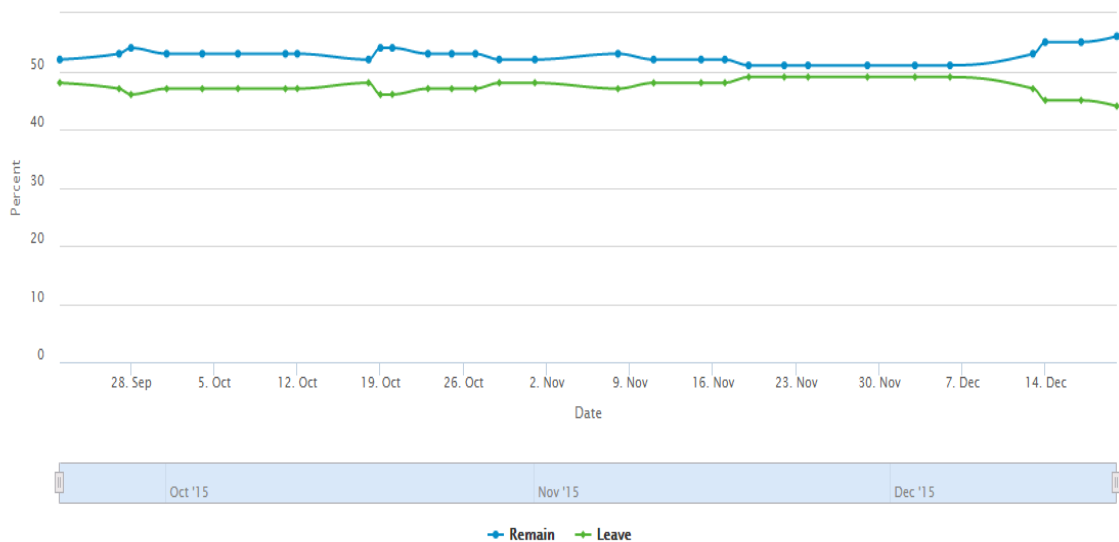
NatCen Social Research published the results of a [What UK Thinks: EU Poll of Polls](#), based on the average share of the vote for 'Leave' and 'Remain' in recent polls. The bar chart below shows the average of the six most recent polls, the fieldwork for which was conducted 4 – 20 December 2015 by ICM, ComRes, Ipsos MORI and ORB.

⁶⁸ [BBC News, 16 December 2015](#).

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The graphic below shows the results of all polls from 22 September to 20 December 2015 which asked how people would vote in response to the question: "Should the United Kingdom remain a member of the European Union or leave the European Union?"



For comment and analysis of recent public opinion polls on EU membership, see [Britain divided: who supports and who opposes EU membership?](#) 21 October 2015, by John Curtice, Senior Research Fellow at NatCen and Professor of Politics at Strathclyde University.

6. What now?

The European Referendum Bill [received Royal Assent](#) on 17 December 2015, ensuring that a referendum will be held by the end of 2017. Most observers believe it is likely to be held earlier. Lords amendments to the Bill agreed to by the Commons on 8 December 2015 included duties to be imposed on the Government to provide certain information, namely:

- a) a report on the outcomes of the renegotiation agreed with other Member States;
- b) the Government's opinion on what has been agreed;
- c) a report about the rights and obligations that arise under EU law as a result of the UK's membership of the EU; and
- d) a report providing examples of countries which have other, non-membership relationships with the EU.

The key question is whether, by mid-February 2016, agreement can be reached at EU level that will also satisfy the UK Government, Parliament and electorate. This is far from certain.

UK Eurosceptics regard the Government's proposed reforms as "trivial", while for many other EU Member States, the Commission and the EP, they are not seen as a Europe-wide agenda but another set of UK opt-out demands.

Although there is some understanding of particular UK concerns, is there enough political will in the other EU Member States to commit to UK demands, some of which they believe either contradict basic EU principles and/or disadvantage their own citizens working in the UK?

Many EU leaders view the proposed restrictions on welfare benefits as insurmountable, although it has been suggested that other Member States do not understand what the UK's in-work benefits are and that once they do, there will be less opposition to the UK proposals. There are also recent suggestions that a compromise may be possible if Britons are included in the restrictions.

As and when agreement is reached, there is still a question mark over the form it would take, given that it will be impossible to achieve Treaty change within the envisaged timeframe. An agreement will also have to include changes to EU secondary legislation, some of which could be adopted before the referendum, depending on when it takes place and whether enough Member States, the Commission and EP are on board.

7. Appendix: bilateral meetings and views in other EU Member States

After winning the May 2015 elections David Cameron held bilateral meetings with his European counterparts to drum up support for his reform proposals.⁶⁹ Key to securing a favourable deal for the UK would be the support of Germany and France, but this has proved elusive.

Since then the Prime Minister, Chancellor George Osborne, Foreign Secretary Philip Hammond, Europe Minister, David Lidington and other government ministers have continued to meet their EU counterparts in efforts to build up support for UK proposals. David Lidington made clear in evidence to the ESC that the “conversations” the Government had had with other Member States would be confidential.⁷⁰

While the Government is keen to enlist the support of the large, influential EU States like Germany and France, the Lords EU Committee underlined the need for support from the smaller States too since unanimous support would be needed (para. 40):

The LSE blog, [Cameron’s letter: European views on the UK’s renegotiation](#), 10 November 2015, outlines the views of all the other EU Member States on the UK reform agenda. Below are brief accounts of recent bilateral meetings with other EU leaders.

In addition, David Cameron and Donald Tusk discussed the UK renegotiation in a bilateral meeting after the EU-Turkey summit on 29 November. According to a Downing Street [press release](#), they agreed that they were making “good progress”.

France

On a visit to France in July Chancellor George Osborne spoke about the UK’s desire to create a Europe that “works better for all of its citizens”, with French Minister Emmanuel Macron saying a win-win solution could be found.

France: a win-win solution can be found.

The [Daily Mail claimed on 17 August](#) that David Cameron would “stage a bang the table row with Brussels” in order to “fool voters into thinking he has secured a good deal”. The former health secretary Andrew Lansley is reported to have told business leaders there would be a “big row with the French” after a February 2016 European Council summit, at which everything would be “choreographed”.

David Cameron met the French President, Francois Hollande, on 22 September, at which he was reported to have updated President

⁶⁹ For a summary of these meetings, see Commons Briefing Paper 7214, [Exiting the EU: UK reform proposals, legal impact and alternatives to membership](#), 4 August 2015, section 2.3, Views in the EU institutions and other Member States.

⁷⁰ [Oral evidence](#): UK Government’s renegotiation of EU membership: parliamentary sovereignty and scrutiny inquiry, HC 458, 16 September 2015. Q2

Hollande “on progress in the technical talks and to further discuss how we can work together to secure these reforms”.⁷¹

Germany

David Cameron met Angela Merkel and other EU leaders on the eve of the Conservative Party conference, which began on 4 October. In mid-September there were press reports that Chancellor Merkel would support UK reforms if David Cameron accepted moves to create an EU military force.⁷² Ms Merkel is also reported to have made German support for the UK renegotiation conditional upon the UK taking on a greater share of the migrants trying to get to Europe.⁷³

Germany: conditional support?

The two leaders met again on 9 October. A [press release](#) on the meeting stated that the Prime Minister had “underlined that he wanted to secure reforms and then keep the United Kingdom in a reformed EU”, that the technical talks were “progressing well but that there is still much to be worked through in order to find a solution”, and that Chancellor Merkel had reiterated that she wanted Britain to remain in the EU.

On 3 December David Cameron spoke to Chancellor Merkel ahead of the European Council. A [press release](#) noted the Prime Minister’s insistence on “the need for legally binding, irreversible changes”, continuing:

He noted that the scale of what we are asking for means we will not resolve this in one go and consequently he did not expect to get agreement at the December European Council. Instead, we should keep up the pace of discussions and use the summit for a substantive discussion of the proposed changes in each area. Chancellor Merkel agreed with this approach, emphasising her commitment to finding solutions that will address the concerns of the British people.

On 2 November George Osborne met the German finance minister Wolfgang Schäuble in Berlin, and on 3 November at a conference of business leaders there, he outlined the key UK demands.⁷⁴

Ireland

The debate in Ireland has increasingly centred on the impact a UK exit could have on peace and stability in Northern Ireland. That aside, Ireland is sympathetic to several of the proposed UK reforms. A piece by Andrew Gilmore, a Senior Researcher at the Institute of International and European Affairs, Dublin, summarised the level of support as follows:

Completing the Single Market in services and the digital sector, for example, is an agenda to which Ireland, as a hub for multinationals and a country with a burgeoning digital sector, will be empathetic. So too will it be on the issues of completing free-trade deals, improving competitiveness and relaxing the regulatory

⁷¹ [Financial Times, 22 September 2015](#).

⁷² E.g. see [Telegraph, 12 September 2015](#); [Express, 14 September 2015](#).

⁷³ E.g. see [Guardian, 1 September 2015](#); [Daily Mail, 2 September 2015](#).

⁷⁴ [BBC News, 3 November 2015](#).

burden for business: any advantage for still-struggling Irish SMEs will be welcome.

Even on the somewhat thornier issue of 'ever closer union', Ireland is likely to be in favour of a creative accommodation for the UK. After all, even a minor concession by the EU on this issue would constitute a major, symbolic victory for David Cameron – one that could have a particularly profound effect on the result of the British EU referendum. Ultimately, though, much will depend on the specifics of the UK's more substantial demands, and the most significant obstacle to Irish support is likely to be the UK's proposed restrictions on the free movement of labour.

Considering Ireland's history of economic migration, UK proposals for transitional controls for new Member States, or restrictions on welfare provisions for jobseekers (both driven in large part by a toxic domestic debate in the UK) are unlikely to be considered positively. Freedom of movement, after all, encompasses the freedom to move to seek employment.

If the UK were to approach these issues from the perspective of curbing specific abuses, such as welfare fraud, it could ultimately gain traction. However, the *sine qua non* of any such proposal will be to ensure that it is not inherently discriminatory against citizens of specific EU Member States, current or future.⁷⁵

Italy

In a joint op-ed published by the [Daily Telegraph](#) and [La Repubblica](#) on 14 December, the Italian Foreign Minister Paolo Gentiloni and Philip Hammond wrote about the UK and Italy "working together on an EU reform package ... to create a more competitive, democratically accountable and flexible EU". The Italian Government believes that greater Eurozone integration "can be undertaken in a way that recognises that there is more than one currency in use in the EU at present - and for the foreseeable future - and has full regard to the rights and interests of non-euro member states, in particular safeguarding the integrity of the single market, which is a shared asset of the whole EU".

Agreement on the need to protect non-Eurozone States.

... Italy and the UK believe that the way to reconcile different visions of the EU among the member states is to embrace a new model of its functioning, based on the flexibility to manage greater or lesser integration. This is an approach that – de facto – has already been put in practice since the creation of the euro. [...]. A successful EU will be on which can combine these different visions of Europe and embrace that diversity. We need a flexible, reformed EU in which different paths of integration can coexist successfully to build a Europe fit for the future. This is what we are working together to achieve.

Sweden, Denmark, Finland

George Osborne talked to potential UK allies in Sweden, Denmark and Finland in late August. He met his Finnish counterpart, Alexander Stubb, and the Finnish Foreign Affairs Minister Timo Soin, on 24 August, and was reported to have said that Finland is the UK's "natural EU ally":

⁷⁵ LSE blog, [European views on the UK's renegotiation: Ireland, Portugal, Austria and Croatia](#), 21 October 2015.

“Both our countries want better value for money from European institutions”.⁷⁶ Mr Stubb said after their meeting: “You cannot leave the biggest economies which are not in the Eurozone outside the decision-making procedure”, and “without the United Kingdom there is no European Union...That is why we have to take into consideration the concerns that the British government has put forward”.⁷⁷ He also thought the British approach was “result-orientated, problem-solving. It’s all very do-able”.⁷⁸

“Without the United Kingdom there is no European Union”.

Finland seems to share some of the UK’s concerns about the Euro and immigration. In December the Finnish Foreign Minister Timo Soini was critical of the Schengen border free area, saying that “If the influx of illegal asylum seekers isn’t brought under control in Greece, or in other countries, that will cause national states to take matters into their own hands”. In an [interview](#) with YLE, 14 December 2015, he also suggested that Finland should follow Denmark’s lead in restricting access to social security for immigrants, adding that in the long term “the EU, its social model and the Nordic welfare model won’t last if this continues”.

The Swedish Finance Minister, Magdalena Andersson, supports greater protection for non-Eurozone States and has emphasised the need to avoid a UK exit from the EU: “As a non-euro country I can see lots of good things in having another large country that is also a non-euro member...of course we [will] work constructively in those discussions that will be coming”.⁷⁹

After meetings with Denmark’s Prime Minister Lars Lokke Rasmussen and Danish Finance Minister Claus Frederiksen, the latter was reported to have said he shared the UK concerns that the Eurozone countries “amongst themselves discuss arrangements that affect other EU members”.⁸⁰

The Treasury was reported to have described the talks in the three countries as “constructive”.⁸¹

David Cameron was reported to have secured support for his welfare reform ideas from Lars Lokke Rasmussen at a meeting on 22 September. The Danish Prime Minister told *Sky News* that he and David Cameron would “try to share a new balance between the freedom to move and the freedom to claim social benefits”. He said he was definitely in favour of “freedom to move but not freedom just to claim” and that “different member states should have some access to protect their own welfare model”.⁸² Mr Rasmussen thought full Treaty change was “not very realistic to get treaty changes but on secondary legislation I think it’s doable to find practical solutions and we have developed quite a few ideas in that regard”.⁸³

⁷⁶ [Yle Uutiset, 25 August 2015.](#)

⁷⁷ [EurActiv, 24 August 2015.](#)

⁷⁸ [Financial Times, 31 August 2015.](#)

⁷⁹ [Financial Times, 31 August 2015.](#)

⁸⁰ [Telegraph, 24 August 2015.](#)

⁸¹ [Business Reporter, 25 August 2015.](#)

⁸² [Sky News, 22 September 2015.](#)

⁸³ *Ibid.*

At a summit in Iceland on 28 October 2015 David Cameron outlined his views on the implications of the referendum, dismissing the 'Norway model' for the UK. Mr Cameron had earlier told the Commons:

Some people arguing for Britain to leave the European Union, although not all of them, have pointed out a position like that of Norway as a good outcome. I would guard strongly against that. Norway pays as much per head to the EU as we do and takes twice as many migrants per head as we do in this country, but has no seat at the table and no ability to negotiate. I am not arguing that all those who want to leave the EU say that they want to follow the Norwegian path, but some do and it is very important that we are clear in this debate about the consequences of these different actions.⁸⁴

He was reported to have "received the conditional support of like-minded Nordic leaders in his push to improve the bloc's single market and cut red tape" and possible support from Denmark and Finland on limiting access to welfare payments for EU citizens from other Member States. But both countries remained opposed to limiting freedom of movement or resorting to complex alterations to the EU Treaties.⁸⁵

Spain and Portugal

Reuters reported on 4 September 2015 that David Cameron had support for his reforms from the Spanish Prime Minister Mariano Rajoy.⁸⁶ The two leaders agreed on the need for "real reform" in the EU, "which should not damage the rights of EU members that do not belong to the single currency".⁸⁷ In an article by both leaders published in the Madrid daily, *Expansión*, Rajoy and Cameron maintained that the primary purpose of the EU is to increase rates of growth and employment. Mr Cameron was confident that the EU could be flexible again, as it had been in the past.⁸⁸

Agreement on the need for less unnecessary regulation.

The Prime Minister also held talks with the Portuguese Prime Minister Pedro Passos Coelho on 4 September. In a [statement](#) after their meeting, David Cameron said:

There are many areas where the Prime Minister and I agree. For example, we both think that the EU can do much more to unleash the potential of the single market, whether in services, energy or the digital sector.

We both want to see less unnecessary regulation at the European level and we welcome the fact that the European Commission, under President Juncker, is producing fewer legislative proposals. We both believe in a stronger role for national Parliaments.

Austria

⁸⁴ [HC Deb 28 October 2015, c 345](#).

⁸⁵ [Bloomberg, 29 October 2015](#).

⁸⁶ *Reuters*, [Cameron wins Spain's backing for EU reform drive](#), 4 September 2015.

⁸⁷ *Agencia EFE*, [Rajoy, Cameron make joint call for real EU reform](#), 4 Sep 2015.

⁸⁸ [PM Statement](#) in Madrid, 4 September 2015.

The Austrian Foreign Minister Sebastian Kurz met Philip Hammond on 3 November. At a joint press conference Mr Kurz said the British reform proposals could be “a chance for the whole EU, and we should use it”. He also warned against UK “cherry picking” and emphasised that “the problems the UK addresses...should be solved by the EU as a whole”. He said Treaty change, if necessary, would be possible, but that political decision not involving treaty change would be “significantly easier to implement”.⁸⁹

A chance for the whole EU?

The Prime Minister met the Austrian Chancellor Faymann on 26 November and they discussed the UK reform agenda among other things.⁹⁰

Poland

David Cameron met the new Polish Prime Minister Beata Szydło on 10 December. Mr Cameron thought the UK and Poland were “natural partners” in trade, defence and in the EU. He outlined areas in which he recognised this ‘natural partnership’:

The UK and Poland: “natural partners”.

We both believe in a Europe of nation states, in a European Union that recognises that its strength comes from diversity, and which has the flexibility to respond to the concerns of member states. [...] We both want to see a stronger role for national parliaments and an acceptance that ever closer union is not the aim of all.

We both want new rules to govern the relationship between those inside the eurozone and those like both Poland and the UK who are outside.

We both think much more should be done to make the EU a source of growth and jobs – cutting back needless bureaucracy and driving forward completion of both the single market and trade deals with fast growing parts of the world.

Even on the most difficult issue of welfare, we have agreed to work together to find a solution. I support the principle of free movement and I greatly value the contribution that many Poles and other Europeans make to Britain.

The challenge is the scale of the vast movement of people we have seen across Europe over the last decade and the pressure that can put on public services. That is the problem we need to address and I believe with the type of political will I have seen here in Poland we can find a way.⁹¹

Press coverage was not quite so optimistic, however. Reports pointed to Beata Szydło’s warning that the basic principles of the EU’s rules on freedom of movement must be respected. She has also raised concerns about UK proposals on the welfare system and child benefits. But she was reported to support plans to restrict migrants’ claims to out-of-work benefits: “We fully accept the right of the United Kingdom to take sovereign decisions with regard to welfare policy. We want to find a solution that is acceptable to the United Kingdom”.⁹²

⁸⁹ [Der Standard, 3 November 2015](#).

⁹⁰ Downing Street [press release](#), 26 November 2015.

⁹¹ [PM Statement](#) in Poland, 10 December 2015.

⁹² [Guardian, 10 December 2015](#).

Politically, it is important for the Government to secure Polish support. UK Conservatives in the European Parliament are aligned with the populist Polish Law & Justice Party, which won parliamentary elections on 25 October. Poland is the biggest economy in the Visegrad group of countries (Czech Republic, Hungary and Slovakia) and is influential in the so-called 'New Europe, from Estonia in the North to Croatia in the South.

Romania

David Cameron met Romanian President Iohannis on 9 December. He voiced his support for the principle of free movement to work as a "basic treaty right and a key part of the single market", and acknowledged the "valuable contribution [of Romanians and other Europeans] to the United Kingdom in a wide range of fields, from finance to science and medicine".

We support free movement, but ...

But, he continued, "it was never envisaged that free movement would trigger quite such vast numbers of people moving across our continent". He pointed to the pressure on schools, hospitals and public services caused by net migration of "well over 300,000 a year" and stated that the EU needed to "find ways to allow member states to make changes to their social security systems that will help them to deal with this issue". He was confident that the EU could provide the flexibility it has shown before in responding to individual Member States' concerns in order to find solutions to these problems.⁹³

Bulgaria

The Prime Minister met his Bulgarian counterpart, Boyko Borissov, on 3 December. At a joint news conference Borissov said he would like to work on issues such as sovereignty, governance and the economy, adding that they would be discussed later in December. He also said there should be "basic and legally binding agreements".⁹⁴

Croatia

On 1 October David Cameron received the Croatian Prime Minister Zoran Milanovic at Downing Street. According to the press release, Mr Milanovic recognised why the UK was seeking such reforms and underlined that Croatia wanted the UK to remain a member of the EU.⁹⁵

Dr Senada Šelo Šabić, a researcher at the Institute for Development and International Relations, Zagreb, thought David Cameron could count on some support from Prime Minister Milanović:

The Croatian PM has expressed understanding that too much bureaucracy is stifling the Union's competitiveness and favours cutting red tape and curbing the extension of powers of the Commission. Moreover, any negotiating of Eurozone safeguards for countries outside the euro area, Croatia being one of them, will be closely followed.

⁹³ [PM Statement](#) on talks in Romania, 9 December 2015.

⁹⁴ [The Sofia Globe, 3 December 2015](#).

⁹⁵ [PM meeting with Croatian Prime Minister](#), 1 October 2015.

With respect to the influx of EU nationals seeking employment in the UK and the broader debate on migration, Milanović revealed genuine empathy for the situation the British government faces. [...]

The bottom line for Croatia is that there should be no treaty change, or at least there should be no opening up of the treaty framework which does not deliver comprehensive and better outcomes for all member states. A statement which allows for voluntary participation or individual adaptation to 'ever closer union' would probably be supported by Croatia, but unpacking the treaty framework seems too risky. As the newest member to succeed in joining the EU after extensive and arduous negotiations, Croatia would prefer to see compromise reached and the unity of the Union maintained rather than Britain leaving.⁹⁶

⁹⁶ LSE blog, [European views on the UK's renegotiation: Ireland, Portugal, Austria and Croatia](#), 21 October 2015.

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