



The Government's Policy on Europe

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The coalition government of Conservatives and Liberal Democrats formed after the May 2010 UK elections brought together two largely opposite views of the European Union. The Conservatives have long held that further EU integration should be slowed or even halted, while the Liberal Democrats have supported EU political and economic integration. Although both parties said they wanted the UK to engage with and influence the EU, according to media reports, the new government was initially regarded with some caution, if not trepidation, by the EU institutions and other EU Member States. However, first impressions of UK ministers in their new role in the EU institutions were positive, and many commentators have described the Government's EU policy as 'pragmatic'. Some believe Lib Dem influence has tempered Conservative euroscepticism; while others believe the UK will become more 'detached' from the rest of the EU. The introduction of the *European Union Bill* in November 2010 appears to have attracted the most criticism from the EU, because it is considered to be potentially damaging to EU decision-making and Treaty amendment procedures.

This Note looks at the Government's policy on Europe: first, at the election manifestos of the two parties, the Coalition Programme for Government and the Government's response since May 2010 to matters concerning the EU.

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1 Introduction

The coalition formed after the 2010 general election between the Conservatives and the Liberal Democrats represented in some respects a confrontation of ideologically opposite views on the European Union and the UK's role in it. David Cameron, described as a eurosceptic, has been critical of previous governments for ceding national decision-making powers and competences to the European Union, while Nick Clegg, a europhile and former Member of the European Parliament, supports EU integration and UK adoption of the euro.

The prospect of a Cameron-led government fascinated many commentators as the general election approached with the Conservatives leading in opinion polls. Many wrote with horror or with glee about the Conservatives' pledges to seek opt-outs from EU social and employment legislation, the Charter of Fundamental Rights and EU judicial influence over UK criminal law, and to introduce bills in the UK to limit the application of EU law. However, some observers were more circumspect. An *Economist* article in March 2010 thought David Cameron's "view of Europe" was "more nuanced than some might expect", and believed that although David Cameron had been criticised for taking EU Conservatives out of the centre-right European People's Party in the European Parliament (EP) and "for cultivating the Euroscepticism of his party faithful", he was "a broadly restraining influence on it and, with so much to do at home, he will hardly relish fights with Brussels".¹

In spite of reports of pessimism in other EU Member States at the prospect of a Conservative-led government, David Cameron's first appearance at a European Council summit gave rise to optimism. Benedict Brogan, of the *Daily Telegraph*, who stated that before the election "the chancelleries of Europe could scarcely disguise their disdain for these Tory barbarians who appeared eager to smash the euro-consensus", reported in mid-June 2010 that the Secretary of State for Environment, Food and Rural Affairs, Caroline Spelman, "stunned her new colleagues on the agriculture and fisheries council by chatting in fluent French and German, and showing a mastery of her brief", that George Osborne had "reassured his fellow finance ministers ... with a sombre assessment of the British fiscal position, and delighted them by dropping Gordon Brown's persistent demands for a written commitment to the need for fiscal stimulus". Nick Clegg's linguistic abilities made him "[stand] out after the monoglot years of Labour". David Cameron too had had "a powerful effect on his colleagues" in Brussels. Nicolas Sarkozy was "smitten", and, writes Brogan, was reported to be "[excited] at dealing with a British leader who is pragmatic and sérieux". Angela Merkel apparently "has come to admire his directness" and, the report maintains, is "finding his smooth civility easier to deal with than the Gallic unpredictability of M Sarkozy". Brogan is doubtful, however, that Mr Cameron "will be able to exploit tensions between the German and French leaders".

The report is more cautious about European expectations of the coalition dynamic:

Yet European politicians who assume that Mr Clegg represents a parallel diplomatic track to Mr Cameron are in for a rude awakening. Anyone in Whitehall or Brussels who hopes to play the Prime Minister off against his deputy will discover that policies and minutes will be in both of their names. Indeed, Mr Clegg is intent on playing the role of the bad cop, and using his European credentials to deliver some difficult messages about the need for EU economies to sort themselves out. He wants a public debate about the Union's

¹ [Economist 31 March 2010](#), "Does he have what it takes? The Conservative leader is still the favourite to be Britain's next prime minister", Interview with David Cameron

economic problems, even if it risks dragging Britain into a discussion of what the solutions might be.²

The BBC's Europe editor, Gavin Hewitt, also thought the expectations of other EU leaders had been pleasantly confounded:

There was a time when many of Europe's leaders and Eurocrats trembled at the thought of David Cameron as prime minister. They imagined long painful negotiations with an administration determined to roll-back the EU's powers and block mission creep from Brussels. So many have been surprised by the Cameron administration's charm offensive. A good slice of the new cabinet has already passed through Brussels and have picked up good reviews. The British approach is to be pragmatic, active and constructive when they can be, whilst vigorously defending national interests. One British official said it made a "big impression" when the new environment secretary Caroline Spelman strode into a meeting speaking fluent French and German.³

How have the Government's Europe policies been working in the EU and the UK? Is there a Liberal Democrat influence moderating Conservative euroscepticism? Or are the Conservatives being pragmatic in and about Europe because, like previous governments, they are finding it difficult to be difficult? This Note looks at the Government's policy on Europe: the election manifestos of the two parties, the Coalition Agreement and the activity of the Government since May 2010 in matters concerning the EU.

1.1 Election Manifestos

The Conservative and Liberal Democrat manifesto promises on Europe both emphasise the need for the UK to be in a position to influence EU policy, but there the similarities ended. Mr Cameron had already removed the EU Conservatives from the European Parliament's centre-right European People's Party (EPP) grouping in 2009, moving to the anti-federalist European Conservatives and Reformists (ECR) group. The Conservative manifesto was strong on pledges to constrain the EU's influence over the UK, while the Lib Dems were more concerned with reining in EU spending and wasteful practices, and they were negative about the Conservatives' EU policies.

Conservatives

The Conservative election manifesto maintained that a Conservative-led UK would be "positive members of the European Union", but ruled out any "further extension of the EU's power over the UK without the British people's consent". It pledged to ensure "that by law no future government can hand over areas of power to the EU or join the Euro without a referendum of the British people" and to "work to bring back key powers over legal rights, criminal justice and social and employment legislation to the UK".

The manifesto was positive about the role of the EU in reconciling divisions in Europe, and spreading democracy and the rule of law, and it promoted working together to "boost economic growth, fight global poverty, and combat global climate change". The manifesto announced that the Conservatives would "stand for open markets, and a strong transatlantic relationship, for an EU that looks out to the world, and that builds strong and open relations

² [Daily Telegraph 16 June 2010](#)

³ [BBC News 16 June 2010](#)

with rising powers like China and India”. The Conservatives, “like every other member State”, would “fight our corner to promote our national interest”

We believe Britain’s interests are best served by membership of a European Union that is an association of its member States. We will never allow Britain to slide into a federal Europe. Labour’s ratification of the Lisbon Treaty without the consent of the British people has been a betrayal of this country’s democratic traditions. In government, we will put in place a number of measures to make sure this shameful episode can never happen again.

With a view to restoring “democratic control”, the manifesto pledged to amend the *European Communities Act 1972* so that “any proposed future Treaty that transferred areas of power, or competences, would be subject to a referendum”. Furthermore, there were promises not to adopt the Euro without a referendum, not to participate in the establishment of a European Public Prosecutor, to introduce a UK sovereignty bill “to make it clear that ultimate authority stays in this country, in our Parliament”, and to require an Act of Parliament and possibly a referendum before the so-called Treaty-amending “ratchet clause” could be used. Finally, the manifesto pledged a repatriation to the UK of three EU powers:

The steady and unaccountable intrusion of the European Union into almost every aspect of our lives has gone too far. A Conservative government will negotiate for three specific guarantees – on the Charter of Fundamental Rights, on criminal justice, and on social and employment legislation – with our European partners to return powers that we believe should reside with the UK, not the EU. We seek a mandate to negotiate the return of these powers from the EU to the UK.⁴

Liberal Democrats

The Liberal Democrat manifesto upheld its long-standing support for EU membership, which, it stated, was “vital if Britain is to reap the benefits of globalisation, but face its challenges with confidence”. It continued:

Britain has much greater influence on the world stage when it works within a strong Europe. The EU offers us safety in numbers and this is why best place for Britain remains at the very heart of Europe.

Britain must lead in Europe, not snipe from the sidelines like the Conservatives would wish.⁵

A Liberal Democrat Policy Briefing on Europe concerned the impact of globalisation, new technologies, the environment and threats to stability and security. It stated that “European cooperation is the best way for Britain to strong and safe in this changing world”. The way to do this would be to put “Britain front and centre in the European Union”, which would “get us more influence than if we remain lukewarm, like we have been, or withdraw to the fringes as the Conservatives want”. The Lib Dems would also “keep up pressure on the EU to improve”, with reform of the wasteful Common Agricultural Policy (CAP) and ending the expensive European Parliament sessions in Strasbourg. They would “keep Britain at the heart of international crime-fighting measures such as the European Arrest Warrant and the European Police Office (Europol) that the Conservatives want us to pull out of”.

⁴ [“Invitation to join the Government of Britain: the Conservative Manifesto 2010”](#)

⁵ [Liberal Democrats, “What we stand for”](#)

The Liberal Democrats wanted more effective cooperation on defence and security, savings to be made by bulk buying and sharing military assets, noting that with the UK defence budget under strain, “it would be irresponsible not to pursue this”.⁶

1.2 Leaked Foreign Office draft memorandum on Europe policy

On 9 May 2010 *The Guardian* published what it described as a leaked draft memo from William Hague to David Cameron setting out Conservative attitudes towards Europe. In the alleged draft, which was to be copied to all Cabinet colleagues, William Hague noted that the Conservatives’ approach “will change British policy across the full range of different Council formations”. Setting out the four main elements of their overall strategy (UK legislation – the referendum lock, sovereignty bill, and ratchet clauses; return of powers on criminal justice, the Charter of Fundamental Rights, and social/employment issues from the EU to the UK level; positive agenda of areas where we will engage constructively in the EU; promoting and vigorously defending the national interest through ongoing EU business), the memo proposed in what it described as a “core script”:

“We will be positive members of the EU. We want to work with you to boost global economic growth, fight global poverty, build energy security and combat global climate change. We support the aims of the EU 2020 strategy, for an open, competitive and entrepreneurial Europe, with less bureaucracy and regulation. We are also committed to free trade, open markets, the single market, and European action to boost innovation and competitiveness.

“We are firm supporters of enlargement, and want to see a more muscular EU approach in Bosnia. We want an effective EU response to the top strategic challenges like preventing Iran from acquiring nuclear weapons, searching for peace in the Middle East, and engaging with the big powers around the world. We favour an outward-looking Europe, so will want the External Action Service to be a success, working in partnership with national diplomatic services to deliver those objectives we have all agreed, and Cathy Ashton has our support.

The memo reiterated election manifesto pledges on Europe, but also stated that the “British relationship with the EU has changed with our election” and detailed the other elements of the manifesto on not joining the euro and legislation to tackle transfers of competence or power. It claimed the proposed changes would bring the UK into line with Germany, Ireland and Denmark, “So our partners should not doubt our commitment to the EU”.

On the commitment to the repatriation of powers regarding the Charter of Fundamental Rights, criminal justice and employment legislation, the memo stated that William Hague and his colleagues would “explore with partners how to implement these commitments, since we want and will need agreement of our 27 partners” and “Rest assured that we seek engagement not confrontation. But our aim is to achieve these commitments during this parliament”. The memo referred to “crunch points ahead”, such as the “economic turbulence in the eurozone”, which was a “matter for the countries in the euro to tackle”. The memo maintains that “Like others, we will fight our corner to protect our national interests through engagement and influence”, that “Britain’s interests are best served by membership of an EU that is an association of sovereign Member States, not a federal Europe” and that the UK would be “firm but fair, playing a leading role, fighting our corner, practical and straight talking”. The memo speaks of bilateral meetings with EU leaders and the UK opposition, and recommends suggests to David Cameron:

⁶ [Liberal Democrat Policy Briefing](#)

We should hold a very early meeting of Ministers under [your/my] chairmanship to inaugurate the new EU committee, agree our strategy in more detail and look ahead to the key decisions coming up in sectoral Councils and the June European Council. In particular we need to:

- Reach a common view across Government on our overall EU strategy, including how and when to seek to implement our commitments on the three repatriations, and how this fits with the rest of the agenda.
- Decide how and when to communicate this to the British people and to our European partners.
- Agree how to tackle the trickiest issues due to arise in May and June, including: Greece/eurozone and its consequences, the financial issues coming to ECOFIN including the Hedge Funds Directive and Financial Supervision, the first opt-in decisions on Justice and Home Affairs, preparation for the June European Council including national targets for the EU2020 strategy, the EU role on climate change, and Iceland.⁷

2 The Coalition Programme for Government and Coalition Agreement

The Programme for Government and the Coalition Agreement emphasised positive engagement in Europe in dealing with globalisation and climate change, on the one hand, while protecting British sovereignty, on the other:

- We will ensure that the British Government is a positive participant in the European Union, playing a strong and positive role with our partners, with the goal of ensuring that all the nations of Europe are equipped to face the challenges of the 21st century: global competitiveness, global warming and global poverty.
- We will ensure that there is no further transfer of sovereignty or powers over the course of the next Parliament. We will examine the balance of the EU's existing competences and will, in particular, work to limit the application of the Working Time Directive in the United Kingdom.
- We will amend the 1972 European Communities Act so that any proposed future treaty that transferred areas of power, or competences, would be subject to a referendum on that treaty – a 'referendum lock'. We will amend the 1972 European Communities Act so that the use of any /passerelle/ would require primary legislation.
- We will examine the case for a United Kingdom Sovereignty Bill to make it clear that ultimate authority remains with Parliament.
- We will ensure that Britain does not join or prepare to join the Euro in this Parliament.
- We will strongly defend the UK's national interests in the forthcoming EU budget negotiations and agree that the EU budget should only focus on those areas where the EU can add value.
- We will press for the European Parliament to have only one seat, in Brussels.

⁷ Guardian.co.uk 9 May 2010

- We will approach forthcoming legislation in the area of criminal justice on a case-by-case basis, with a view to maximising our country's security, protecting Britain's civil liberties and preserving the integrity of our criminal justice system. Britain will not participate in the establishment of any European Public Prosecutor.
- We support the further enlargement of the EU.⁸

[BBC News reported on 12 May 2010](#) that the Coalition Agreement seemed to mean the Conservatives and Liberal Democrats had "arranged a truce":

Their agreement says that Britain will be a "positive participant" in the EU. Neither will support joining the euro or the transfer of further powers (this is not such a big deal because after the Lisbon treaty no new proposals are likely for a long time). They have also agreed that if there is such a transfer, a British referendum will have to be held.

Mr Hague promises to be "active and activist" in the EU external relations field. This is not hard for him because in foreign affairs, the EU acts very much as a collection of nation states. He (and the equally Eurosceptic new Defence Secretary Liam Fox) are not inclined to join in EU-wide undertakings, and are more open to bilateral ones, with France as the most likely partner. However, Mr Hague has also said that international efforts in Bosnia, where the EU is active, must be stepped up.

As part of the EU truce, the Conservatives will drop their plan to seek an opt-out from some social legislation, especially the working time directive, but will seek to "limit (its) application".

3 Conservative dominance, Lib Dem influence or pragmatic compromise?

3.1 Comment

For some commentators, the appointment of David Lidington as Minister for Europe was a sign of Lib Dem influence:

David Cameron tonight signalled an end to more than a decade of Tory hostility to the EU when he appointed a moderate figure to the sensitive post of Europe minister, a move that will be welcomed in chancelleries across the continent.

In a sign of the influence of the passionately pro-European Nick Clegg, the former Foreign Office adviser David Lidington was appointed to the Europe post, one of the most senior jobs outside cabinet. Lidington takes the job in place of Mark Francois, the Eurosceptic shadow Europe minister, who had brokered the Tories' controversial split from the main centre-right EPP group in the European parliament.⁹

David Lidington told the Institute of International and European Affairs in Dublin in June 2010 that "Despite our two parties having traditionally approached the EU from different ideological positions – it was not difficult to find agreement on the fundamentals".¹⁰ However, in an analysis of the Coalition Agreement, Brendan Donnelly of the European Movement was not

⁸ [Programme for Government and Coalition Agreement May 2010](#)

⁹ [Guardian.co.uk 13 May 2010](#)

¹⁰ [David Lidington, speech at Institute of International and European Affairs, 30 June 2010](#)

persuaded that the Conservatives were turning into “moderates” on Europe, and concluded that euroscepticism could hold sway:

The optimists point to the careful and moderate tone which until now has characterised the new government's utterances on European issues and hope that the Liberal Democrats will act as a brake on the more outlandish excesses of Conservative euroscepticism. The pessimists point to the negative and defensive tone of the Coalition agreement on European issues and wonder how effective the Liberal Democrats, as a junior coalition partner in a supposedly special relationship with the Conservative Party, will be in restraining over time the basic instincts of Mr Cameron and his colleagues, on European or on any other issues. Both sides in this argument have good points to make. Perhaps the truth of the matter is that the European policy of the Coalition will be less radically eurosceptic than it might have been under an exclusively Conservative administration. But that will not necessarily prevent it from being a British government which is more viscerally hostile to the European Union and to any deepening of Britain's role within it than any of its predecessors in the past 50 years.¹¹

Donnelly thought the apparently “positive words” in the Agreement about Britain's role in the EU were no more than “lip service to pro-European feeling” as they were followed immediately by the “aggressive insistence” on stopping any further transfers of powers to the EU without a referendum. He felt the concept of protection of national sovereignty “carries with it the clear and depressing implication that the Coalition regards 'our' national sovereignty as being under perpetual threat from the European Union, a threat which it behoves all patriotic Britons to join in repelling”. He notes the “sour and grudging initial approach”, concluding: “If the Coalition agreement is a fair guide to the next five years, the predominant tone of the Coalition's European policy will be one of negation, refusal and standing aside from the European Union”.

On a more positive note Donnelly points out that the Agreement could have contained, but didn't, a commitment to the repatriation of powers on social and employment matters from the EU to the UK, as promised in the Conservative election manifesto; also that the “agreement's text on the proposed 'Sovereignty Bill' foreshadowed in the Conservative manifesto is vague enough to be an excuse for jettisoning it” (there is, however, a declaratory sovereignty clause in the European Union Bill 2010) and that “the agreement seems to go some way towards meeting the Liberal Democrat view that European legislation in the area of criminal justice can contribute to 'maximising our country's security’”. On this last element, Donnelly is upbeat, commenting:

[...] it will be extremely interesting to see how far this limited but genuine concession to Liberal Democrat sensitivities will lead to greater British participation in this developing area of European integration. But even if the area of criminal justice does not prove to be quite the stumbling block some had expected, the significance of this possible positive development pales in comparison with the self-willed isolation of the Coalition from what is undoubtedly the most important current vector of European integration, namely the single European currency.

Donnelly thinks UK isolation might affect prospects for Turkish membership of the EU, since, although British governments have long supported Turkey's entry into the EU, a “semi-

¹¹ [Brendan Donnelly, The European Movement, “The Coalition and its European Policy”, 6 August 2010](#)

detached member of the European club is hardly well placed to shape its future membership, particularly in as controversial a case as that of Turkey”.

Charles Grant, Director of the Centre for European Reform, analysed the Coalition Agreement in May 2010:

...when Cameron laid out his Europe policies [in a significant speech on 4 November](#), he abandoned his pledge of a referendum on the Lisbon treaty. The tone of that speech was moderate, but he still offered several pieces of red meat to his party's Europhobes. In forging the deal with Nick Clegg, Cameron had to discard the reddest of those pieces. Gone is the promise to negotiate opt-outs from the EU treaties on justice and home affairs, the charter of fundamental rights, and social policy. The coalition agreement still retains a commitment "to work to limit the application of the [working time directive](#) in the United Kingdom." But that merely requires legislation, and was in any case the policy of the Labour government.

Grant was dismissive of the pledge not to join the euro – joining was not expected in any case – and the promise to amend the *European Communities Act 1972* to deal with transfers of national powers to the EU, including approval of such transfers by referendum. He was confident that EU Member States would not want to amend the Treaties again in the near future and was not convinced that the Conservative commitment to examine the case for a UK sovereignty bill would amount to much, adding “The Liberal Democrats will ensure that examining the case for such a bill does not lead to any action, and one senior Conservative has told me the bill will be left on the back-burner”. Grant concluded: “In short, I do not expect the coalition's policies to create problems for Britain's relations with the EU”. He concludes, however, that the relationship would need more than what the Coalition Agreement promised. It would require Government ministers “to engage in some old-fashioned diplomacy, winning allies and making friends”, and “They will need to offer to help other countries with their problems, in order to ensure that favours are returned to Britain. Clegg and other senior Liberal Democrats know that this is how the EU makes progress. They are well-placed to explain this to their coalition partners.”¹² Grant also pointed to the possibility of “conflict in the coming years between the Conservative leadership (backed by the Liberal Democrats) and hardline Tory Eurosceptics in parliament and in the country at large”.¹³

Grant, it would appear, has been right in both these points. The Government has sought to make friends in Europe and there has already been discontent among Conservative eurosceptics in the context of the economic “bail-outs” and the *European Union Bill 2010* (see below).

Philippe Huberdeau (Robert Schuman Foundation) believed that “in spite of the hope held by some observers, overall the coalition agreement maintains a euro-sceptic line”.¹⁴ He observed that during the negotiations on the Coalition Agreement, “David Cameron was careful not to alienate the most euro-sceptic wing of his party whilst Nick Clegg, the Lib-Dem

¹² CER 14 May 2010, “Tory Euroscepticism is being sidelined: The Tories have given up on confronting the EU – but the new coalition must go back to diplomacy to smooth relations”

¹³ Ibid

¹⁴ Policy Paper European Issue n°188, 6 December 2010, “The British European Policy: is it moving towards a “Euro-Pragmatic” Agenda?”

leader, for his part, was obliged to rank his priorities, placing European issues in second place after the organisation of a referendum on electoral methods”.

The word several commentators have used to describe the policies formed from this union is “pragmatic”. Greg Kurzahls (*Penn Political Review*) thought that the Cameron-Clegg combination had “already begun to define a new, moderate European policy that combines the best of both philosophies into a pragmatic strategy for expanding Britain’s cross-Channel influence”. He also thought the Tory stand on the euro was not necessarily an impediment to more engagement in Europe:

If this “middle-ground” euro-policy is pursued with the same pragmatism that helped create it in the first place, Britain should emerge as a more involved player in Brussels, leading the European move towards open trade policies while still maintaining the political autonomy and sovereignty that lie at the core

However, others report growing resentment from Tory euro-sceptics who fear that Lib Dem influence is watering down Conservative policies on Europe. According to the *Financial Times* in January 2011, “Conservative backbenchers are growing frustrated at the concessions being offered to the Lib Dems as Mr Cameron seeks to prop up Nick Clegg. Many fear the coalition is diluting core Tory principles”.¹⁵

3.2 Views in the European Parliament

The Conservative MEP, Charles Tannock, writing on the *ConservativeHome* website¹⁶ shortly after the Coalition was formed, thought “The coalition’s statement on Europe ... reads a lot like Conservative policy over the past 20 years. There is much even for eurosceptics to cheer, and much to work towards”. He linked the coalition Government’s policy on the UK’s relations with the EU to the Conservatives’ departure from the European People’s Party to join the new European Conservative Reform Group. He continued:

None of the main parties contesting the election advocated a secessionist or obstructionist approach to Europe. The coalition government, therefore, ought to reflect first and foremost the fact that Britain should remain a fully engaged member of the European Union.

In fact, the coalition has gone much further than that, boldly crafting a series of key principles with regard to the EU that are notable for their pragmatism, moderation and pursuit of hard-headed national interest. These are based on a ‘eurorealistic’ approach characterised by constructive though not uncritical engagement, which chimes with the mission statement of our new ECR Group in the European Parliament – the Prague Declaration.¹⁷

Tannock suggests that the Government needs to address the matter of “how and to what extent we UK MEPs seek to formally coordinate the Conservative and Lib Dem positions, particularly over EU legislation, to avoid inconsistencies with London and cause any embarrassment to the coalition government”.

In October 2010 Andrew Duff, the Lib Dem MEP, wrote that “the question of how Britain’s most anti-European party can cohabit with Britain’s most pro-European party is a question of

¹⁵ *Financial Times* 12 January 2011

¹⁶ ConservativeHome.com “aims to provide comprehensive coverage of Britain’s Conservative Party. It’s independent of the Conservative Party but supportive of it”.

¹⁷ [ConservativeHome](http://ConservativeHome.com), 18 May 2010

fascination” to other EU Member States and the EU institutions.¹⁸ Duff asked: “does this unexpected Liberal-Conservative coalition presage the beginning of the formation of the bipartisan consensus on British European policy that has eluded all of us for so long?” adding that he had “always believed that the eventual emergence of a cross-party consensus on Europe would at last put an end to Europe's British problem”. He was positive about prospects for the coalition Government with regard to EU policy: “the coalition has encouraged the residual minority of pro-European Tories to find their voice again after years of oppression or as Nick Clegg puts it, to allow some Tories to find their 'inner liberal’”. The Conservatives, he thought, had been a positive influence on the Lib Dems:

... the coalition has forced the Liberal Democrats to drop one of the most dotty ideas which found its way into their own election manifesto that was, to hold a referendum on whether the UK should stay in or leave the European Union. Today that policy finds supporters only on the far right of the Tory party and in UKIP, way outside the embrace of the coalition.

Like Donnelly, Duff thought the “bizarre” idea of a sovereignty Act would come to nothing, but for Duff, unlike Donnelly, Coalition policy on and in Europe had been “wonderfully pragmatic”:

It has supported the setting up of the External Action Service. It has even agreed to establish the EU regulatory framework for the financial sector. It has absented itself judiciously from the negotiations on strengthening economic governance of the eurozone. It is committed to dealing with its multiple opt-outs in justice and interior affairs on a case by case basis, sometimes decided at the top level in the cabinet committee on EU affairs which is co-chaired by William Hague and Chris Huhne. Inevitably there will be decisions to opt out of EU legislation which will displease the pro-European camp: one such current example is the recast human trafficking directive. But there does not seem to be a split between Tories and Lib Dems on these issues: it is Ken Clarke at the Ministry of Justice who seems to be leading the pro-European arguments.

He noted that Conservative ministers had been well-received at Council meetings and had engaged with their EU policy, “variously backing EU initiatives in the area of the single market, trade, economic recovery, energy and climate change”. However, Duff concludes “The quest for a bipartisan pro-European approach to the making of British European policy remains elusive. For the rest of the Union, the British Question remains problematic”. Both Donnelly and Duff under-estimated the Conservatives’ ambition to confirm UK sovereignty in relation to the EU: the European Union Bill introduced in October 2010 contained a ‘sovereignty clause’ albeit a declaratory one (see also below).

3.3 Views in the UK Parliament

Debates and questions

In a debate on the foreign affairs and defence on 26 May 2010, the then shadow foreign secretary, David Miliband, reminded the Coalition leaders of their earlier disdain for each other’s policies: that Nick Clegg had said the Conservative Party was “allied with ‘a bunch of nutters, anti-Semites, people who deny climate change exists, homophobes’”,¹⁹ while David Cameron had called the Lib Dems “the most fanatically federalist party in Britain” and accused them of wanting to “take away Britain’s seat on the United Nations Security Council

¹⁸ [Andrew Duff, 8 October 2010](#)

¹⁹ A reference to the Conservatives’ alliance with the European Conservative and Reformists group in the EP.

and replace it with a European one".²⁰ Miliband said that the EU needed "a Britain with strong and clear commitments on Europe, not an internal feud that paralyses discussion and action".²¹

The Conservative eurosceptic, Zac Goldsmith, asked the Foreign Secretary which powers he was seeking to repatriate from the EU to the UK, to which David Lidington replied that the Government had "begun initial work to review the EU's existing competences, to see if they strike the right balance between what should be done at EU level and national level"; they would "look at individual dossiers, such as the application of the working time directive in the UK, as well as the bigger picture", but added that there would be "no transfer of power or competence from the UK to the EU during the lifespan of this Parliament".²²

In January 2011 Bernard Jenkin asked the Government why the FCO believed "that the present terms of UK membership of the EU are in the national interest". Mr Lidington replied:

There are many things about the EU we would like to change. However, membership of the EU gives UK business full access to the world's most important trading zone, comprising 500 million consumers without the barriers of customs or tariffs. This is of great importance to the UK's prosperity. 10% (3.5 million) of UK jobs are reliant on exports to EU member states, the beneficial effect of EU trade on UK households is estimated at between £1,100 and £3,300 per year, UK exports to member states are worth more than £200 billion, and EU Foreign Direct Investment (FDI) comprises 49% of overall FDI to the UK. Under the present terms of membership the UK plays a strong and active role in influencing and shaping developments within the EU, allowing us to further goals essential to the national interest, such as strengthening and expanding the single market, delivering growth, and promoting a resource efficient, low carbon EU economy. The European economic area (EEA) and European Free Trade Association (EFTA) members, in contrast, have to contribute to the EU budget without being able to negotiate the detail and content of EU legislation, and without receiving benefits such as the exemption from customs requirements and costs.

In addition, EU membership gives the UK better leverage and negotiating power on the global stage, allowing us to better achieve our international objectives on issues such as freer international trade, conflict prevention, stabilisation, climate change, human rights and development. There are also wide-ranging benefits for UK individuals, such as the right to study and work within the EU, and to receive free or reduced cost health care on temporary visits within EU member states.²³

In the Lords the Government assured Peers that it is was pushing for reform of the CAP:

Lord Henley: ... The important thing is that your Lordships' committee, this House, the Government, many member states and the Commission all now believe that reform of the CFP is necessary and desirable. As part of that process, we will push for greater regionalisation in decision-making, as we think that that will lead in the end to a much better process. We are fortunate to have reached a stage where there is slightly more agreement than there has been in the past. We want to build on that.

²⁰ [HC Deb 26 May 2010, c 196](#)

²¹ [Ibid](#)

²² [HC Deb 17 January 2011 c566W](#)

²³ [HC Deb 10 January 2011 c232W](#)

and of the Common Fisheries Policy:

Lord Henley: ... If we simply try to tear up the common fisheries policy, we are not going to get anywhere. We are in the business of negotiating with others in the EU. We are in a happy state of affairs where we have agreement from a lot of other countries as well as from the Commission that reform is necessary and desirable. Therefore, we will go ahead and see what we can achieve.²⁴

3.4 European Union Bill 2010

In a statement in September 2010 on the Government's forthcoming EU Bill, David Lidington spoke of the "profound disconnection between the will of the British people and the decisions taken in their name by the British Government in respect of the European Union".²⁵ He promised that there would be a referendum on important transfers of power, on for example, adopting the euro, the establishment of a European Public Prosecutor, giving up UK border controls or adopting a common EU defence policy. The Bill would, he stated, "This Bill would allow the UK to continue to play a strong and positive role in the EU ... while increasing the accountability and democratic legitimacy of the EU".

The European Union Bill 2010, which was published on 11 November 2010 and received its Second Reading in the Commons on 7 December, is discussed in Research paper 10/79 [European Union Bill \[Bill 106 of 2010-11\]](#), 2 December 2010. At the time of writing, the Bill had completed five days in a Committee of the Whole House.

The Bill set out to do many of the things the Conservatives had promised it would do in the run-up to the election (i.e. provide stricter procedures for agreeing to EU legislation and Treaty changes, including referendums for transfers of power or competence, confirmation of UK sovereignty).

It is impossible to say to what extent there was a Lib Dem influence in the drafting of the Bill, but some commentators have pointed out that the Bill does not go far enough for those MPs who wanted areas of EU policy-making repatriated to Westminster, a strong assertion of UK sovereignty, or for the UK to leave the EU altogether. In this, some see Conservative deference to Lib Dem sensitivities. Ben Fox (political adviser to the Socialists and Democrats group's vice-chairman of the EP economic and monetary affairs committee), writing in the *EUObserver*, thought that David Cameron's "tough stance in opposing all amendments to the bill was perhaps a sign that he is showing the Liberal Democrats that he is prepared to take on his eurosceptics", but added "John Major did that in the 1990s and paid a heavy price for it".²⁶

Bill Cash, the new Chair of the Commons European Scrutiny Committee, and other eurosceptic MPs such as Bernard Jenkin, John Redwood and David Davis, were disappointed with aspects of the *European Union Bill 2010*. Bill Cash had already asked in November 2010 why the Government was "acquiescing in more European integration, not less", to which David Cameron replied that he was wrong and insisted that, unlike the previous Labour government, his government had not "caved in when the European Parliament asked for a 6% budget increase", but had successfully fought the increase".²⁷ The eurosceptics were particularly concerned about Clause 18, the so-called "sovereignty

²⁴ [HC Deb 22 Dec 2010 c1097-8](#)

²⁵ [HC Deb 13 September 2010 c](#)

²⁶ [EUObserver 12 January 2011](#)

²⁷ [HC Deb 24 November 2010 c 260](#)

clause". In a report in the *European Journal* in January 2011 Bill Cash and John Redwood were highly critical of the declaratory Clause 18 and of the Explanatory Notes on this Clause. The Clause as it stands, they said, was not a sovereignty clause. "It would undermine Parliamentary Sovereignty, by encouraging judicial supremacy". They were convinced of a Liberal Democrat influence:

- The government's Notes on the EU Bill, which the courts can and would use, advance the dangerous notion that Parliamentary Sovereignty is a "common law principle", and therefore subject to judicial authority.
- This reflects the influence of those including certain academics and judges and the Liberal Democrat wing of the coalition, because they support a written constitution which would entrench judicial supremacy.²⁸

Later in the article, the authors ask (rhetorically?) whether the Government's interpretation of parliamentary sovereignty as "common law" was a result of the "Coalition effect":

It is ironic that a Conservative Prime Minister should be willing to place parliamentary sovereignty in such jeopardy, or to pursue a policy deliberately devised to promote Liberal Democrat ideology. The Coalition attitude to parliamentary sovereignty, judicial supremacy and the EU is part of the disastrous constitutional revolution which is underway. The Liberal Democrats have never troubled themselves to seek to defend parliamentary sovereignty. It is their policy is to destroy it. They seek not only a federal Europe, but also a written constitution for the United Kingdom: a written constitution would be a legal document, enforceable by the courts destroying parliamentary sovereignty and replacing it with judicial supremacy.

Mr Cash thought that, in relation to the EU Bill, the Lib Dem influence undermined the national interest:

The tragedy is that the coalition and the Liberal Democrat influence in the formulation – and subsequent discussions, I suspect – of clause 18 and the Bill as a whole have gone a long way towards undermining the commitment to putting the national interest first. I fear that, far from working together in the national interest – and it is not just on this one clause – we are now witnessing policies that in relation to matters as important as the sovereignty of Parliament are actually working against the national interest.

During the first day of the Bill's Committee stage on 11 January 2011 Mr Cash attempted to introduce an amendment to strengthen the sovereignty clause by inserting "The sovereignty of the United Kingdom Parliament in relation to EU law is hereby reaffirmed". His amendment was defeated by 314 votes to 39, with most Labour MPs abstaining.²⁹ The *EUObserver* commented on this defeat and other past and possibly future Conservative 'rebellions' on European matters (Council of Europe as well as EU):

27 of the Tories' 305 MPs voted against their own government's bill, even after Europe minister David Lidington promised to make last-minute changes to toughen it up.

²⁸ [European Journal January 2011, "The EU Bill: Parliament, judges and the national interest", Bill Cash MP and Bernard Jenkin MP](#)

²⁹ For details on vote, see [The Public Whip](#) website.

This is not the first time that Mr Cameron has faced a rebellion on Europe and it won't be the last. Since the May 2010 election, there have been three rebellions on Europe, with the largest being when 37 Tory MPs broke the government line to demand a cut in the EU budget. Meanwhile, probably the biggest rebellion will occur when legislation is presented to give the right to vote to thousands of Britain's prisoners, following the recent ruling that the UK is breaching the European Convention on Human Rights by denying all of its prisoners the right to vote.³⁰

The potential impacts of the Bill on UK-EU relations were explored in a European Scrutiny Committee report on "The EU Bill: Restrictions on Treaties and Decisions relating to the EU". Considering the "[Impact of domestic constraints on EU negotiations](#)", the report stated that when it called for evidence for the inquiry, "Those submissions which addressed the question were uniformly of the view that the effects would be negative". Professor Paul Craig, the Committee noted, thought the Bill was likely to be "regarded with emotions ranging from dismay to anger within the EU and in many European capitals". The Government's claim that its approach was shared by other Member States which provide for referendums and parliamentary approval on Treaty changes had been challenged by several witnesses. Professor Simon Hix thought the proposed UK provisions were "completely unique", while Professor Dougan thought the Bill's referendum requirements went "significantly further than the corresponding regimes in force in any other Member State". Professor Hix's view was summarised as follows:

"I think that a lot of other Member States will look at the Bill, if it is passed and if an issue comes up, and either say, "If a British Government is in favour of us making this change, they will find some way to amend the Bill relating to those provisions, so that they can get on with business in Brussels." or, "I don't expect that they're going to have a referendum on these things, and therefore they will have to vote no." or, "There will be a referendum on these things, and it will inevitably be a no, so therefore we have to think about ways to get around the British position." Any of those scenarios weakens the hand of any British Government in negotiations, because the assumption is either, "It is not a credible threat and therefore we don't take you seriously," or, "It is a threat but you're binding your hands already to say no. Whatever we come up with you are going to say no, so therefore we won't negotiate at all with you." [97]

81. Professor Hix proposed as an alternative replacing the referendum requirements under Clauses 4 and 6 with a two-thirds majority requirement in the Commons. This, in his view, would both increase the accountability of Ministers when in Brussels and, by being credible, strengthen the UK's bargaining position. [98] If the Government considered this option the Minister for Europe chose not to comment on it. [99]

82. In contrast to Professor Hix, Sir John Grant, the UK's Permanent Representative to the European Union from 2003-07, took a very different, if perhaps at times technocratic, view of the Bill's likely impact on the UK's relations with the EU. Asked how he might have operated as the UK's Permanent Representative had the Bill been in place, he replied that, since by definition the Council's working groups and the Council of Ministers worked within the competence of the EU and as there could be no negotiations on legislation where there was no competence, the Bill, which concerns itself with competence or changes in voting procedure, would have made no difference.

³⁰ [EUObserver 12 January 2011](#).

At official level negotiations in Brussels take place on the merits of the issue and alliances of convenience are formed to pursue the national interest.

83. Other considerations might arise at the political level, principally in the European Council but occasionally in Ministerial Councils,[100] but Sir John stressed that:

"People tend to vote in the Council, in my view, in relation to their interest on the question, so countries will look at the piece of legislation and say, "Does it suit us?" There's very little, in my experience, of people saying, "We'll vote for that, although we don't like it very much, because we're dependent on another Member State for something else." In my experience, there's very little of that." [101]

84. Sir John played down the likelihood of there being a referendum in the next five years on a move from unanimity voting to QMV by a passerelle. He added that passerelles were in any case difficult to use for the simple reason that "everybody's got to agree that some of them are going to be outvoted". [102] .

85. Sir John was similarly unconvinced by the likelihood of a move to greater use of enhanced cooperation in response to an increase in British awkwardness, for the simple reason that the Bill was designed to put a referendum lock on the transfer of new areas of competence but enhanced cooperation could only take place where competence already existed: "I don't think the question about whether the Bill will lead to more enhanced cooperation is a very big question. It's a good question—you have to ask it—but I think the answer is: maybe in the odd, relatively limited case." [103]

86. He concluded that the impact of the Bill would be on the specifics; that the UK might frustrate the odd move from unanimity to QMV or the addition of minor new competences to Part 3 of the TFEU, but he did not see the Bill's Part 1 provisions as marking a change in the UK's relations with its EU partners, commenting:

"if you look back over the history of the past 25 years in Europe, I don't think this will be regarded by anyone in Brussels as a qualitative change in British awkwardness ... Where it would become dramatic would be if everybody woke up tomorrow morning and said, "There's only one way to sort all of this: we need another treaty." But do you really think that there is an appetite for that in France, the Netherlands, Ireland, Denmark or the Czech Republic? I don't think so." [104]

- 97 Q 28 Back
- 98 Ev 47, para19 Back
- 99 Q 146 (HC 633-II) Back
- 100 Q 80 Back
- 101 Q 90 Back
- 102 Q 93 Back
- 103 Q 94 Back
- 104 Q 95 Back

The Committee concluded:

[Potential impacts of the Bill on UK-EU relations?](#)

118. We began this section of the Report by asking what the impact of the Bill might be on UK-EU relations. The evidence we received was mixed. When it came to Treaty revision, Sir John Grant thought that there was such little appetite among Member States for a new Treaty and that the matter was

shelved. In any case it was thought unlikely that the UK Government would countenance or want a new Treaty, European Union Bill or not. For Professor Hix, Treaties were not the main problem; in a Treaty negotiation many issues were on the table and it was possible to conclude a package deal. The potential for gridlock lay rather in issue-specific negotiations, should other Member States also adopt domestic constraints on *passerelles* or the special amendment provisions in the Treaty. It seems clear that whatever the reason for the Bill, strengthening the UK's bargaining position is not its primary purpose. Nevertheless, it is hard not to conclude that the Bill is intended to send a signal, even if it is not as strong as to "accentuate British exceptionalism".^[139]

4 EU-UK relations since May 2010

This section looks at the Government's action in EU fora and its position on several EU initiatives.

4.1 The Conservatives in the European Parliament

In 2009 David Cameron took the Conservatives out of the European People's Party to form a new alliance called the European Conservatives and Reformists (ECR), comprising UK Conservatives, the Czech Civic Democratic Party (ODS), initially led by former Czech Prime Minister Mirek Topolánek and later by a more pro-European leader, Petr Necas, and the Law and Justice Party (PiS) of former Polish Prime Minister Jaroslaw Kaczyński. The group is led by the Pole, Michal Kaminski, with Timothy Kirkhope as deputy.

Before the 2010 election there were reports that the centre-right political parties expected David Cameron to rejoin the EPP if he became prime minister. The EPP President, Wilfried Martens, congratulated David Cameron and the newly-formed coalition government and expected that it would be "a pragmatic government, which will respect and implement the European treaties", in which case, he added, "David Cameron's government could work well on the European level alongside the 14 EPP-led governments of the European Union".³¹ The EPP Secretary General, Antonio Lopez-Isturiz, predicted the demise of the ECR and invited some of the parties to rejoin the EPP, including the UK Conservatives, emphasising, however, that they would have to reapply on the EPP's terms, and that an application to join "would not be an easy dossier" for the party.³² The report continued:

The UK's lack of influence was also highlighted, as he listed the many positions in the institutions the UK had failed to fill as the Labour Party lost heavily in the European elections and the conservative ECR Group got sidelined, but he also explained that there was a vacuum that the Conservatives could fill, should they rejoin the EPP. Another sign that a reunion could be possible according to the Secretary General, are the voting records, "Look at the votes of the ECR over the last six months, they are voting with the EPP more than ever, certainly more than when they were part of the EPP." He also said that 80% of the conservative deputies were "ready to sign up immediately", although he stressed that there had been no conversations with these members, whom he described as pro-European and "personal friends", on joining the EPP.

³¹ [EPP press release, 12 May 2010](#)

³² [New Europe 12 April 2010](#)

The Conservatives made no moves to rejoin the EPP upon taking the lead in the coalition government in May 2010 or in the months that followed. David Cameron did not attend the EPP party summit at the end of October 2010. In November 2010 Kaminski left Poland's Law and Justice party, the Conservatives' main ally in Europe, because, he said, it had been taken over by "extremists". This was described as "embarrassing" for the UK Prime Minister and there were predictions that the new group might fall apart, forcing David Cameron to rethink Conservative Party relations with the EPP. According to the *Daily Telegraph*, "Conservative MEPs said that Mr Kaminski was expected to seek refuge in the EPP".³³ If he does, this could increase the pressure on David Cameron to return to the EPP. Cameron's relations with Chancellor Merkel of Germany and President Nicolas Sarkozy of France, whose parties are aligned with the EPP, are reported to be improving, but a move towards rejoining the EPP would be likely to anger eurosceptic Conservatives.

4.2 Repatriation of powers

In a speech on 4 November 2009, David Cameron said that a Conservative government would:

- "negotiate the return of Britain's opt-out from social and employment legislation in those areas which have proved most damaging to our economy and public services for example the aspects of the Working Time Directive";
- negotiate the Charter of Fundamental Rights to make sure "that this cannot be used by EU judges to re-interpret EU law affecting the UK"; "We will want a complete opt-out from the Charter of Fundamental Rights".
- negotiate for a return of powers in criminal justice: "to prevent EU judges gaining steadily greater control over our criminal justice system by negotiating an arrangement which would protect it. That will mean limiting the European Court of Justice's jurisdiction over criminal law to its pre-Lisbon level, and ensuring that only British authorities can initiate criminal investigations in Britain".³⁴

The UK opt-out from the Working Time directive has the support of the Liberal Democrats, who in December 2008 argued in favour of keeping it. When asked about the Government's proposals to repatriate powers from the EU to the UK and what opportunities to do so were expected over the coming 12 months, the Europe Minister replied that the Government would be focussing on "getting the EU budget under control" and "framing the debate for the next multi-annual EU budget"; also, that the Government had "begun initial work on the balance of the EU's competences" and would "continue to work to limit the application of the working time directive in the United Kingdom" (a second consultation is due to begin soon).³⁵

So far there has been no sign of the Government seeking to opt out from the "Social Chapter" (this would require a Treaty change and the Government has ruled out a major Treaty change during the lifetime of this Parliament) or from the Charter of Fundamental Rights (the UK already has a form of exemption from this, negotiated during the Lisbon Treaty process).

³³ *Daily Telegraph* 28 January 2011

³⁴ David Cameron: "A Europe policy that people can believe in", 4 November 2009

³⁵ HC Deb 9 November 2010 c 231W

4.3 Boosting economic growth

Boosting economic growth in a time of economic crisis has been difficult for the UK Government as for most EU governments.³⁶

In 2010 the Government appeared to have focused its efforts on a raft of domestic changes. An Open Europe report in June 2010 noted that the “the Conservatives, and now the Coalition, have so far chosen to focus their deregulation efforts almost entirely on the domestic level”, neglecting the European dimension.³⁷ However, in his first speech as Prime Minister to the World Economic Forum at Davos on 28 January 2011, David Cameron spoke of the problem of EU over-regulation, saying that Europe urgently needed “an aggressive, pan-continental drive to unleash enterprise”.³⁸

We need boldness in Europe too, not least on deregulation. ... we just cannot afford to load more costs on to business. And I believe there are clear things we can and should do:

Bring in a one-in, one-out rule for new European regulations.

Set a new and tougher target to actually reduce the total regulatory burden over the life of this Commission.

And give small businesses - engines of job creation - an exemption from big new regulations. Taking them out of EU accounting rules alone would save them around 2 billion euros. Now is the time to go for a genuine single market too.

Nearly twenty years since Europe agreed to the free movement of people and services we've still got companies employing teams of lawyers just so they can trade across the nearest border.

Europe, he said, had been its own worst enemy but it also had the power to make it easier for businesses to start up and prosper. Problems in the EU had held back the economy, he said, noting that economies like Brazil, China and India were "steaming ahead", while in Europe the "drag on growth" had persisted. He also called for a "genuine single market" in Europe and said the stress tests for banks had to be more stringent. He warned that it would not be easy to re-invigorate the economy but to do so Europe needed a “change of direction” because "huge deficits don't just fall out of the sky".

The speech was described in *The Guardian* as “an attempt to both to lift the gloom at home ... and to convince Europe that it could compete with the fast-growing economies of the developing world”. Jeremy Warner, assistant editor of *The Daily Telegraph*, was pessimistic about the prospects for Mr Cameron’s recommendations:

Unfortunately, his prescription for what Europe must do to correct the position, though self evidently the right one, is the exact opposite of the way Europe is responding. Cameron wants a strongly deregulatory agenda to unleash the

³⁶ See House of Lords European Union Committee - Fifth Report “The EU strategy for growth and the UK National Reform Programme”, 11 January 2011 for information on the EU and UK strategies for growth.

³⁷ Open Europe, “Still out of control? Measuring eleven years of EU regulation” June 2010, Sarah Gaskell & Mats Persson, Edited by Stephen Booth

³⁸ <http://www.number10.gov.uk/news/speeches-and-transcripts/2011/01/prime-ministers-speech-at-the-world-economic-forum-59632>

power of enterprise and markets. Much of what comes out of the EU only pushes in the other direction.

There were some good ideas in the Cameron speech. He wants Europe to adopt the one in one out approach to regulation, where if one regulation is introduced, another is scrapped, and he wants small business to be made immune to any major new initiatives with costs for business. His chances of getting these things? About zero, I should think.³⁹

4.4 EU budget

At the European Council at the end of October 2010 Britain and other EU Member States supported Franco-German calls for tougher eurozone rules, and agreed to "limited" changes to the EU Treaty in return for a cap on the EU budget. David Cameron has emphasised the importance for the UK of a stable eurozone, but it has been suggested that he has low credibility in his support for French and German governments in efforts to promote growth in the eurozone when the UK is not part of it.

The Government wanted to freeze the EU budget and in July 2010, along with Finland, Sweden, Denmark, the Netherlands, the Czech Republic and Austria, voted for a freeze, seeking to block the 2.9% increase proposed by the EU Presidency. A blocking minority was not achieved and in August 2010 the Council agreed a 2.9% increase for 2011. The European Parliament, which exercises budgetary control and had asked for a 5.9% increase, was only prepared to accept this figure if Member States agreed to an increased role for it in discussions on the next financial framework and the EU's Own Resources. The EP also asked for a provision for flexibility to increase spending in future EU budgets. The Government and several other EU Member States did not accept the EP's conditions, which in November 2010 led to the budget negotiations being stalled.

The Commission criticised the UK and the other Member States which argued against an EU budget increase for 2011 and against a greater EP budgetary role, thereby stalling the budgetary process at the end of 2010. Failure to agree a compromise budget would mean budget lines being funded on a month-by-month basis, capped at the level of the 2010 budget. This, according to EU Budget Commissioner, Janusz Lewandowski, would "delay the financing of important initiatives and investments in the member states: Some 90% of the EU budget finances investments which create growth and jobs. Measures to boost economic growth and research and development in our member states will be delayed".⁴⁰

Some commentators thought David Cameron should have supported German calls for Treaty change to help secure the eurozone in return for repatriating powers to the UK, and then putting any Treaty amendments to a UK referendum on EU reform.

4.5 European Financial Stability Mechanism

In May 2010 ECOFIN agreed to create a European Financial Stabilisation Mechanism (EFSM) as part of a package of measures to help maintain financial stability in Europe. The Regulation, based on Article 122(2) TFEU, provided for the EU Budget to guarantee EU borrowing to support Member States in need, up to the level of €60 billion (£49.10 billion).

³⁹ [Daily Telegraph 28 January 2011, "It's hard to share Cameron's optimism on Europe"](#)

⁴⁰ [Commission press release, 16 November 2010, "Statement from Commissioner Lewandowski on the failure of the conciliation procedure on Budget 2011"](#)

Support under the EFSM would be provided together with IMF funding and would be subject to joint EU/IMF conditionality.

The Franco-German ‘Deauville Declaration’ in October 2010 called for a Treaty change to establish a permanent European Financial Stability Facility (EFSF) to safeguard the financial stability of the euro area. The European Council of 28-29 October 2010 unanimously agreed to a limited Treaty reform. In November ECOFIN agreed in principle to grant financial assistance to Ireland in response to the request from the Irish Government, to help safeguard financial stability in the eurozone and the EU in general. In a ministerial statement on 3 December, the Chancellor, George Osborne, outlined the proposal and referred to a UK bilateral loan for Ireland.

In November 2010 Council ministers agreed unanimously to a new permanent crisis mechanism, which will be established in the euro area from mid-2013. ECOFIN formally adopted the main elements of policy conditionality in December 2010. The UK will not be part of the permanent mechanism. The EFSM agreed in May, in which the UK participates, will cease to exist when the permanent European Financial Stability Facility (EFSF) is implemented.

The Government maintained that financial difficulties within the eurozone should be resolved primarily by eurozone Member States and at the European Council summit on 16-17 December 2010, David Cameron secured the support of other EU Member States for the UK not contributing to future economic bailouts, such as those in Greece and Ireland, and for not using Article 122(2) TFEU as the basis for the proposed new permanent mechanism.⁴¹ The solidarity mechanism only requires contributions on a voluntary basis by non-eurozone members. The UK will participate in the emergency mechanism to help Ireland and Greece until 2013, when the new system is expected to become operational. David Cameron said this was frustrating but blamed it on the previous, Labour government. He also emphasised that maintaining the security and stability of the euro was in Britain’s interest. The Government agreed that the UK would make a bilateral loan to Ireland as part of the IMF and European ‘bail-out’ package.

The establishment of both the temporary and the permanent “bail-out” mechanisms was controversial in the UK Parliament, the former because of the use of Article 122 TFEU as the Treaty base and the latter for the lack of certainty over an indirect UK contribution via bilateral loans, as was the case with Ireland.⁴²

A minor Treaty change to allow for the creation of the permanent crisis mechanism was agreed and will be ratified using the simplified revision procedure.⁴³ Notwithstanding the passing of the European Union Bill, the Government appears to have ruled out a referendum on this because the mechanism will not apply to the UK.

⁴¹ See Standard Note 5800, [Article 122\(2\) TFEU as Treaty Base for Financial Stability Mechanism](#), 14 December 2010

⁴² For further information on this, see [Research Paper 10/82, “Loans to Ireland Bill: Bill No 125 of 2010/11”](#), 13 December 2010 & [Standard Note 5812 “Amending the EU Treaty: the European Stability Mechanism”](#) 23 December 2010

⁴³ See [Research Paper 10/79, European Union Bill \[Bill 106 of 2010-11\]](#), 2 December 2010 for information on the simplified revision procedures.

4.6 EU scrutiny of national budgets

Under a Protocol to the Lisbon Treaty the Government gained an exemption from the sanctions regime in the Commission proposal for macro-economic surveillance, contained in the Task Force report to the European Council on 21 October 2010. The Commission proposed legislation that would create additional sanctions to encourage compliance by Member States with the EU's Stability and Growth Pact and its Broad Economic Policy Guidelines. The EU 'Semester' requires eurozone States to submit their draft budgetary plans to the EU each spring. George Osborne secured an exemption from this in the Stability and Growth Pact Code of Conduct, which states that the UK will send its final budget to the EU after it has been presented to the UK Parliament. An EU directive setting out a "European fiscal framework" and the rules for EU "budgetary surveillance" is expected in spring 2011.

4.7 Court of Auditors Report on 2009 EU budget

At around the same time as the 2011 EU budget discussions, the EU Court of Auditors published its report on the 2009 EU budget, and for the sixteenth consecutive time, did not approve it. In a Commons debate on 2 February 2011 the Government was accused of being "soft on Europe" for not doing anything about this situation. The Treasury Secretary, Justine Greening, set out the Government's aim of leading in the debate on the EU's financial perspective. The Government wanted to "get rid of unnecessary complexity" in the administration of cohesion funds, and improve transparency. She described the steps the Government had taken to improve accountability and financial management in the EU and in Member States. She had met the EU Commissioner in charge of financial management in October 2010 and the minister responsible for financial auditing in Bulgaria, and with other EU Member States had "pushed for concrete processes in several areas:

First, at the pan-European level we must have further simplification of what are excessively complex rules that often hinder, rather than help, strong decision making that drives strong value for taxpayers' money. We must push EU-level auditing toward a more risk-based and proportionate system. Simply checking through receipts in member states that are randomly selected really will not work in future. We need to move towards a system where the European Court of Auditors operates a risk-based approach, where the focus is on member states for which there seems to be evidence of poorer and weaker financial management, and where we understand exactly where the management is breaking down in those processes and control systems. We are keen to ensure that what we do at the level of the European Court of Auditors is done more effectively than it has been in the past, and I plan to meet the European Court of Auditors to discuss those issues.

We are also encouraging member states to take greater responsibility for the funds that they implement, which, as I have said, is the vast majority of the budget. In practice, that means that we are lobbying for member states' annual summaries to be upgraded and published.⁴⁴

4.8 Number of UK high level civil servants in EU institutions

In his first major speech at the FCO on 1 July 2010 the Foreign Secretary lamented the low number of "bright British officials" in the EU institutions, and the "decline in the holding of key

⁴⁴ [HC Deb 2 February 2011 c 984](#)

European positions by British personnel”, which “as a new Government we are determined to put ... right”.⁴⁵

In general, the UK is reasonably well-represented in the higher grades (AD 14, 15 and 16), though not as well as in earlier years, and is still badly represented at entry level (AD 05, 06 and 07). This point was made by Lord Young in April 2010, when he said: “It is true that too few UK nationals apply to work in EU institutions. The UK makes up 13 per cent of the EU population, but only 6.4 per cent of EU staff. In more junior roles, the UK percentage is even lower, and we are falling behind other large member states”.⁴⁶

Commission

According to a June 2010 statistical bulletin update in [Distribution of officials and temporary agents by genders, nationalities, function groups and grades \(all budgets\)](#), in the European Commission the UK has only 36 staff in the entry level grade, compared, for example, with 112 for France and 111 for Lithuania. At the highest grade, AD 16, the UK is better represented than other Member States, although does slightly less well at AD 14 and 15. Overall, the UK's 809 staff is above the EU-27 average of 479 and is 3.2% of total Commission staff.

European Parliament

According to a reply by Klaus Welle, Secretary-General of the European Parliament, 27 May 2010, to a question from Carlos Bastarreche, Spanish Permanent Representative to EU on the subject of “Breakdown by nationality and grade of staff in post at the European Parliament”, in May 2010 the UK had three staff at AD15 and one at AD 16, while France had six at AD15 and two at AD16. Only Greece and Italy had three staff at AD16 level. At entry level the UK had 16 staff, the same as Finland, but fewer than most other States, including small States like Malta, Latvia and Belgium.⁴⁷

Council Secretariat

An answer to an EP written question from Krzysztof Lisek (PPE) in April 2010 gave figures for Council Secretariat staff for 2009.⁴⁸ The UK compared roughly with France, Germany and Italy in the higher grades, but all four were outnumbered by Belgium, which is over-represented in all the EU institutions. In the lower administrative grades the UK was also vastly outnumbered, with two staff in Grades AD 5 – 7, compared with 30 for Slovakia, 31 for Romania, 37 for Poland, 32 for the Czech Republic and 24 for France. Of the older Member States, only Greece has fewer than the UK in these three grades. The UK's total staff of 65 is above the EU-average of 50.

4.9 UK withdrawal from the European Defence Agency

The Defence Secretary, Liam Fox, abandoned a pre-election promise that the Conservatives would take the UK out of the European Defence Agency (EDA), which coordinates military procurement across the EU. However, the Government would, it was reported, block a proposal to increase the EDA budget if necessary. The *Financial Times* reported in November 2010 that “Mr Fox's fight to control EDA spending also reflects his preference for

⁴⁵ William Hague, “Britain's Foreign Policy in a Networked World”, 1 July 1 2010

⁴⁶ 6 Apr 2010 : Column 1428 at <http://www.publications.parliament.uk/pa/ld200910/ldhansrd/text/100406-0011.htm#10040626000101>

⁴⁷ Council Doc. 10729/10, 4 June 2010,

⁴⁸ Parliamentary questions, 19 April 2010

bilateral defence deals - such as the recent treaty with France - rather than co-ordinating military procurement through Brussels".⁴⁹

4.10 Climate change

David Cameron welcomed the agreement reached in Cancún, Mexico, in December 2010 to reduce carbon emissions, has encouraged the EU to demonstrate international leadership in low carbon development by supporting an increase in the EU emissions reduction target to 30% by 2020, and called for the EU to move towards full auctioning of EU Emissions Trading Scheme permits to include maritime and aviation emissions.⁵⁰

4.11 Global poverty

The Government has adhered to the aid commitments of the previous government and has kept keep the Millennium Development Goals central to DFID's mission. In its 2010 spending review the Government confirmed that the UK would honour its commitment to spend 0.7% of GDP on overseas aid by 2013.⁵¹ At the G20 summit in June 2010 David Cameron accused G8 leaders of not delivering their promises on aid. Kevin Watkins wrote in a Chatham House report on the UK's role in global poverty reduction:

The EU is another obvious focal point for Britain's role. Under a proposal developed by the European Commission as part of an EU Action Plan in support of the MDGs, member states would be required to legislate on aid targets. However, the EU Foreign Affairs Council meeting on 14 June 2010 stopped far short of endorsing the Commission's approach, adopting instead a request for member states to 'share information'. With national legislation of its own already in place, Britain should be forging alliances with like-minded governments to press for more decisive action.⁵²

4.12 Promoting EU enlargement

Successive UK governments have supported EU enlargement. In a speech at the Turkish Parliament in Ankara, David Cameron said he wanted to "pave the road" for Turkey to join the EU, saying Turkey was "vital for our economy, vital for our security and vital for our diplomacy".⁵³ The Government also supported the other EU Member States in helping Kosovo and Serbia to cooperate, and David Lidington told the Commons in July 2010 that for Serbia and an independent Kosovo, their "long term futures are in the EU".⁵⁴

4.13 China arms embargo

The High Representative thought political restrictions on arms exports had become a major impediment to further co-operation between EU countries and China. "The EU should discuss its practical implication and design a way forward," she stated in a policy paper. David Cameron said Beijing's poor progress on human rights and political freedoms meant the time was not right to reverse the blockade imposed after the 1989 Tiananmen Square massacre. This in spite of International trade representative Gao Hucheng urging the

⁴⁹ *Financial Times* 29 November 2010

⁵⁰ See http://www.decc.gov.uk/en/content/cms/about/low_carbon/low_carbon.aspx for information on Government's environment policies

⁵¹ For information on the Government's spending review in 2010, see [Standard Note 5718](#), "The outcome of the 2010 Spending Review", 22 October 2010

⁵² Kevin Watkins, Chatham House briefing, paper, "Building on the Inheritance: The UK's Role in Global Poverty Reduction", August 2010

⁵³ *BBC News* 27 July 2010

⁵⁴ *HC Deb* 27 July 2010 c 85WS

Government to lobby for an easing of EU controls on high-tech exports to China during a visit to the UK in early January.

5 How many EU measures has the Government adopted?

5.1 Legislative and non-legislative acts⁵⁵

Legislation and other acts adopted by the Council or the Council with the EP are recorded on the [Consilium](#) website⁵⁶ and in the Official Journal of the European Union 'L' series.

From mid-May until 31 December 2010 the EU Council/Council with EP adopted around 300 measures.⁵⁷ Some 70 of these were legislative acts. The Council's records of these meetings show that between May and November 2010 the UK abstained in five qualified majority votes.

5.2 UK opt-ins

The UK has an opt-in arrangement to decisions in the Area of Freedom, Security and Justice (AFSJ, Title V of the *Treaty on the Functioning of the European Union*). The Home Office minister, James Brokenshire, said in December 2010 that since 6 May 2010 the Government had decided to participate in six AFSJ proposals:

The Council Decision on the signature and provisional application of the EU-Korea Free Trade Agreement (Business Innovation and Skills);

The EU-US agreement on the Terrorist Finance Tracking Programme (Treasury);

The EU-Georgia readmission agreement;

The draft Directive on combating the sexual abuse, sexual exploitation of children and child pornography (Ministry of Justice);

The draft Directive on the European Investigation Order (Home Office); and

The draft Directive on the right to Information in criminal proceedings (Ministry of Justice).⁵⁸

Since 6 May 2010 the UK had decided not to participate in five AFSJ proposals:

A Commission proposal for a Directive on the right to interpretation and translation in criminal, proceedings (Ministry of Justice);

The draft Directive to combat human trafficking (Home Office);

The Council Decision on a proposal to amend the EU-Swiss Agreement on the free movement of workers (Department for Work and Pensions);

⁵⁵ [Europa's](#) definition of legislative acts is "those adopted following a legislative procedure", and non-legislative acts, whose aim is generally "to implement legislative acts or certain specific provisions from the Treaties. For example, they relate to the internal regulations of institutions, certain Council decisions, measures adopted by the Commission in the field of competition, etc".

⁵⁶ Consilium notes: "With the exception of certain acts of limited scope such as procedural decisions, appointments, decisions of bodies set up by international agreements, specific budgetary decisions, etc".

⁵⁷ This figure is approximate. It includes Council implementing regulations and Council decisions, including Council decisions on international agreements, but excludes Council Conclusions, Council positions, Council Resolutions and all Commission (delegated) legislation.

⁵⁸ [HC Deb 3 December 2010 c1076W](#)

The draft Directive on seasonal workers (Home Office); and

The draft Directive on intra corporate transferees (Home Office).⁵⁹

The Minister also reported that since 6 May 2010 the UK had participated in two measures building on parts of the Schengen acquis in which the UK participates:

The draft Regulation establishing an Agency for the operational management of large-scale IT systems in the area of freedom, security and justice; and

An Arrangement between the EU and Iceland, Liechtenstein, Norway and Switzerland on the Schengen acquis.

He referred also to Council Regulation on migration from the Schengen Information System (SIS I) to the second generation Schengen Information System (SIS II), which took effect on 8 May 2010. A subsequent parliamentary written answer noted the Government's decision to opt into the draft European directive on the European Investigation Order.⁶⁰

6 Conclusion

It is still too early to say how the Government will fare in Europe. Although for the UK a coalition government is unusual (the first for 65 years), in much of Europe, as well as in Scotland and Wales, this is not the case. Professor Simon Hix, in a [survey of European governments](#), notes that coalition governments are very common in Europe and that the largest group of governments are centre-right coalitions between a mainstream centre-right party (either Conservatives or Christian Democrats) and a Liberal party. This group now includes three of the large EU Member States (Germany, France, UK).⁶¹ Achieving consensus through compromise is often a feature of European governing coalitions. David Cameron said at the start that governing as a coalition was going to be “hard and difficult work” and that a coalition would “throw up all sorts of challenges”, but that he believed “together we can provide that strong and stable government that our country needs”.⁶²

In a review of 2010, the *Independent* reported that “Most Conservative ministers bonded with the Liberal Democrats assigned to their departments. As the days and weeks went by, it seemed that the talk of a “new politics” meant more than just the usual rhetoric”.⁶³ There remain, however, areas where policy differences between the two parties appear to be irreconcilable. As Akash Paun comments in “United we stand? Coalition government in the UK”:

In certain policy areas, the two parties' positions are essentially irreconcilable. For some of these issues, the innovative approach adopted by the Programme for Government was to relax the doctrine of Cabinet collective responsibility. During the electoral reform referendum campaign, ministers will campaign on different sides. The Liberal Democrats also secured dispensation to take a different public line and potentially also to abstain in Parliament, on the issues of tax breaks for married couples, student finance, nuclear energy and the renewal of Trident.

⁵⁹ Ibid

⁶⁰ HC Deb 8 November 2010 c117W

⁶¹ The other countries are Denmark, Sweden, Estonia, Latvia, Lithuania, Finland, Belgium (plus one of the two Belgian Socialist parties)

⁶² [David Cameron statement on arriving at 10 Downing Street, 11 May 2010](#)

⁶³ *Independent*, “The Year in Review: The Coalition”, 24 December 2010

This is an unusual approach: coalitions in Scotland, Wales and most European countries commonly maintain an expectation of strict unity when it comes to voting in parliament, at least on legislation.⁶⁴

Interestingly, Europe is absent from this assessment of coalition irreconcilables. Perhaps this is because Europe is not perceived to be as serious an issue as, for example, public debt and public deficit, or because Conservative and Lib Dem policies on Europe are perceived to be reconcilable, if not already reconciled.

7 Further reading

[Brendan Donnelly, The European Movement, "The Coalition and its European Policy", 6 August 2010](#)

[IP-Global 17 December 2010, "David Cameron's Nixon-to-China Moment. How the UK's coalition government can return to Europe", Tyson Barker](#)

[Institute for Government, "United we stand? Coalition Government in the UK", Akash Paun, September 2010](#)

[Open Europe, "Still out of control? Measuring eleven years of EU regulation" June 2010, Sarah Gaskell & Mats Persson, edited by Stephen Booth](#)

⁶⁴ [Institute for Government, "United we stand? Coalition Government in the UK", Akash Paun, September 2010](#)