
Executive Summary

A British Agenda for Europe

Designing Our Own Future

The Chatham House Commission Report on
Europe after Fifty: Policy Implications for Britain
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Executive summary

Fifty years after the founding of the European Community, an enlarged EU has moved far away from the notions of creating some form of European super-state that have dominated the British debate over its EU policy. If anything, as the results of recent referenda on the EU in France, the Netherlands and Ireland have revealed, British scepticism towards complex institutional reforms is increasingly shared across Europe. Far from taking advantage of this pivotal moment to help drive the EU's future development, much of the popular and political debate in Britain questions whether it is worth being a member of the EU at all.

This report takes a different approach. It considers the extent to which Britain's membership of the EU can help it pursue its national interests within a rapidly evolving world. It contains a British agenda for Europe that could enable this and future British governments to design outcomes that promote British prosperity and security as well as those of its EU partners, and not just respond reactively to outside pressures.

Our agenda is built upon five central conclusions.

First, Britain's ability to deal with the principal external challenges of the twenty-first century will depend on its active participation in effective EU policies.

Confronting the dangers of climate change, managing an increasingly assertive Russia and the rise of an increasingly powerful China, negotiating with Iran and helping promote peace in the Middle East are all areas where British interests will have their best chance of success as part of strategic EU policies.

EU external policies are likely to be effective only if they reflect shared political will on the part of EU members. And intergovernmentalism will remain at the heart of EU foreign and security policy.

However, Britain should support practical institutional adaptations to improve external EU coordination and action. These include the creation of some version of the proposed European External Action Service and the establishment of an EU headquarters which could draw together the EU's military and non-military assets for conflict prevention and peace-keeping.

Second, Britain should continue to argue the case for further EU enlargement to its east as a strategic priority that will expand the zone of democratic governance and open economies to other European countries.

In this context, the enlargement process into the western Balkans should be accelerated.

There is an especially compelling strategic case for developing as soon as possible a formal pathway that could lead to enlargement negotiations with Ukraine.

The EU should explore a similar approach for Georgia and other countries of the Caucasus, provided they demonstrate their full commitment to democratic norms, an open economy and the ability to take on the EU's legal structure.

Britain must also ensure that the EU remains true to its commitment to work towards Turkey's full EU membership. Britain and the EU would have much to gain at a strategic level from Turkey's entry into the EU, including its roles in helping strengthen the Black Sea region and as an alternative oil and gas transit country into the EU.

Third, Britain will enhance its domestic security against international terrorist and criminal threats by working more closely with EU member states and institutions in the area of justice and home affairs (JHA).

The island mentality which dominates the British debate on domestic security disregards the increasingly mobile nature of twenty-first-century threats. Confronting a terror plot aimed at London but coordinated in Frankfurt and Calais requires Europe-wide structures and procedures for judicial, police and counter-terrorism cooperation.

Britain's arrangement to be able to opt in or out of current formal EU procedures in this area allows it the flexibility to pick and choose its areas of cooperation. In the future, however, there is the real risk that Britain will be excluded from certain enhanced areas of EU cooperation, as it is currently from the Schengen Information System.

The British government should commission regular, annual, independent audits of the performance of EU measures in the JHA area. Members of Parliament must recognize that there will be times where concerns for the exercise of national sovereignty will be outweighed by the judicial and operational benefits of full integration into specific areas of EU action.

Fourth, at a time when the British economy is once again demonstrating systemic weaknesses, the benefits of creating an ever more open and dynamic EU market will increase.

Britain has benefited enormously from its championing of the removal of barriers to intra-EU trade and investment. With short-term protectionist pressures on the rise inside and outside the EU, Britain must remain in the vanguard of promoting EU market deregulation, especially in the area of services.

The British government should also guard against efforts to harmonize national economic policies across the EU which are designed primarily to protect the budgetary and social status quo of other member states. The future strength of the EU will come from the interaction of its different national systems of microeconomic governance that are each exposed to the pressures of national democratic politics and global economic competition.

Britain has not suffered from its decision not to join the euro at its inception in 1999. In the coming years, however, Britain might experience new repercussions from this decision.

The pound and the British economy are increasingly vulnerable to volatility induced by competition between the world's two major currencies – the dollar and the euro. And the extension of euro membership to the vast majority of EU member states in future years will mean Britain is excluded in practice from deeper intra-EU economic consultation and

coordination, including in areas of significant national interest such as financial market regulation.

We are concerned, therefore, that the question of Britain's potential future membership of the euro has become all but invisible. The British government should keep the decision of whether or not to join the single currency under regular and public review.

Fifth, Britain should push for the development of the sort of EU-wide energy market which would benefit its own economy, those of its EU counterparts and their collective commitments to combating climate change.

Britain's energy picture will change radically over the coming two decades, as supplies of British North Sea oil and gas decline. Increased imports of gas will meet Britain's marginal increased energy needs and the bulk of this gas will have to come from Russia.

The government's priority should be to help create a more physically interconnected and integrated EU energy market. This would lessen British and other EU countries' vulnerability to supply disruptions and also deliver considerable efficiency gains.

In addition, the EU should establish a European Energy Agency that would, among other priorities, share information on future European energy needs, plan the physical interconnection of grids and promote the setting of common transmission standards and the financing of storage projects.

Finally, Britain should promote the idea of developing a common EU external energy policy. Under such a policy and operating on a mandate from the member states, the European Commission could negotiate the terms under which external energy suppliers to the EU, such as Russia, would secure access to EU import markets.

The sterility of the debate about Europe in Britain as well as the current institutional uncertainty about the future of the EU are obscuring what an important time this is for British political parties to think strategically about their agenda for Europe. Collective EU responses in the areas we have described can enable Britain and its EU counterparts to tackle some of the most significant risks emerging from beyond Europe's borders.
