

EU Constitution Project Newsletter

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In line with the Federal Trust's aim to enlighten the debate on good governance, this Newsletter reviews the current reform process of the EU from the standpoint of the work of the Federal Trust's project on Constitutionalism, Federalism and the Reform of the European Union (the 'EU Constitution Project'). The Newsletter looks at current developments in and outside the Convention and also covers the UK debate. Finally, it provides information about relevant events and publications.

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1. Guest Editorial

Much is made of New Labour's modernizing and reforming domestic agenda. However, there is little evidence that the government appreciates connections between constitutional reform at home and constitutional reform in the EU. Indeed, any understanding that there might have been was undermined when the Office of the Deputy Prime Minister, handling devolution, was separated from the Cabinet Office, home of the EU secretariat. This disjuncture is curious since, for decades, people have seen an intimate link between domestic territorial politics and European integration.

Former Labour minister and European Commissioner, George Thomson, argued that membership of the then EEC would make it much easier to reform the British constitution; ceding power upwards undermined the argument against ceding it downwards. For others in Scotland, EEC membership meant more than facilitating self-government. It required independence since access to its benefits depended on statehood. The Welsh were more like George Thomson, though, in reviewing its fate at the last election and considering Enlargement, Plaid Cymru now also argues that EU membership requires independence.

Much hangs on the fact that EU relations are reserved powers.* In the 1970s, the Dean of the Scottish Faculty of Advocates warned that, if every EEC matter were reserved, there would be no devolution at all. The less formal, horizontal relations permitted to the devolved administrations have been exploited by Scotland and Wales to counteract the consequences of EU matters being reserved. They have joined other 'constitutional regions' in seeking greater recognition in the EU Constitution. And they have worked vertically, providing input for the paper submitted by Peter Hain to the Convention on the Constitution. It was a robust paper but, ultimately, the draft Constitution still vests responsibility for alterness to breaches of subsidiarity in national parliaments and governments.

The EU Constitution Project

The Federal Trust for Education and Research

Brendan Donnelly, Director

Professor Jo Shaw, Senior Research Fellow

Newsletter editors:

Dr. Anna Vergés, Research Officer

Dr. Erin Delaney, Research Officer

Séverine Picard, Research Assistant

Professor Jo Shaw, Professor of European Law
and Jean Monnet Chair

School of Law, University of Manchester

Oxford Road,

Manchester M13 9PL

Tel: +44 (0)161 275 3658

Fax: +44 (0)161 275 3579

The Federal Trust for Education and Research

EU Constitution Project

7 Graphite Square, Vauxhall Walk

London, SE11 5EE

Tel: +44 (0)20 7735 4000

Fax +44 (0)20 7735 8000

www.fedtrust.co.uk/eu_constitution

In lauding the role of civil society in public problem solving through partnership, the Prime Minister referred frequently to the need to promote the participation of women in decision-making. And, indeed, he has a good record in comparison to his predecessors in appointing women to ministerial positions. However, the Women and Equality Unit has also been separated from the EU secretariat in the Cabinet Office and moved to the Department of Trade and Industry. It could be argued that this is the right place to lead action on gender equality in economic affairs but EU developments on women have moved beyond equality for women-as-workers to women-as-citizens.

The incorporation of the European Convention on Human Rights into UK law was another part of the government's claim to be reform-minded and, with the Belfast Agreement's provision for a Northern Ireland Bill of Rights, implements its agreement with Ireland that the two states would harmonize rights standards. But the government's main preoccupation now is not to consider how these two sets of provisions in Northern Ireland (one elsewhere) can consistently coexist with the EU Charter, (now Part II of the Constitution). Rather, it is to lobby against the Charter being justiciable.

The territorial distribution of votes in the euro referendum had been predicted in the devolved administrations as the first major test of devolution. Though the territorial politics of the Constitution are more complicated, a referendum on it might turn out to be that test.

Professor Elizabeth Meehan
Queen's University, Belfast

** Editor's note: In the UK context, reserved powers are those areas which remain the responsibility of the UK Parliament in Westminster. Strictly speaking, relations with the European Union and its institutions are a reserved matter for the UK Parliament and Government under the Scotland Act.*

2. May at the IGC

2.1. Domestic politics versus the Convention

The month of May ended with pronouncements of optimism by the Irish Presidency regarding the completion of the negotiations by the agreed date of 16-17 June. As negotiations re-started at the beginning of March after four months of reflection and bilateral consultations, the first impression was of a large number of issues left to be resolved.

The IGC met on 4 May at the level of the 'focal points' i.e. government experts, on 17-18 May in the margins of the General Affairs Council at the level of Foreign Ministers, and yet again on 24 May. ECOFIN Council also discussed IGC matters on 11 May, and a large number of bilateral meetings took place. By the end of the month, however, Heads of State seem to have moved closer to an agreement and thus to meeting the commitment to conclude the negotiations and to sign a Constitutional Treaty by the 16-17 June.

Increasingly, however, doubt is being cast on the quality of the agreements being reached. A fierce defence of red lines may run counter to the attainment of solutions which meet both the preservation of deemed national interests and clarity/simplicity of policy or law-making formulas in a Union of 25. Let us recall that the prevention of last-minute agreements and of half-way obscure solutions was one of the original reasons for the setting up of the Convention on the future of Europe.

The Draft Constitutional Treaty remains the default text in the discussions, together with various amendments incorporated through the Italian Presidency. The defence of this text (faced with the reality of governments' domestic politics and the politics of intergovernmental bargaining) is uneven. Calls to stay as close as possible to the Convention text have become rare. The most ardent supporters remain France and Germany - for whom it was an attractive package. Chirac pointed out that 'if we are to distance ourselves from that text on this or that issue, it should be either through

consensus or compromise. So we are ready to do so but we feel it has to be done the right way.'

The Presidency approach to the negotiations, however, is much more pragmatic. On his call for compromise on double majorities in the Council, the Taoiseach noted, 'I have urged my colleagues to approach these questions with a flexible and creative frame of mind. We need a deal which meets the needs of the Union, but it must be one that everyone can get up from the table and go home and sell.' Spain and Poland are clearly not ready to sacrifice their 'national interest' for the sake of clarity of the Council legislative process - in fact, in a very volatile environment Poland remains one of the most uncertain factors. There are doubts on the leadership and the lifespan of Poland's interim government, after the resignation of Lezlek Miller, and all parties are against the terms of the Constitution as framed at present. Britain, on its part, has been accused of aiming to water down the Convention text and of 'salami tactics' (See UK debate). France and Germany have responded with threats to press ahead if a Member State rejects the Treaty.

Thus ultimately it will be domestic politics which take precedence over the Convention text. In sum, the dynamics of exchange of concessions, of 'this for that' in order to produce a package that every party can live with and, increasingly more importantly, that Heads of State and Government can sell back home, appears as the only way forward and has become the only game in town. The EU can not afford a second failure. The Irish Presidency (a small country Presidency) which has received praise for its conduction of negotiations, and which will also have to have its own referendum, knows it. Many would argue that the Convention text was never infallible but that a deliberative process was necessary in order to improve a method of revising the Union's basic law that had obviously failed in delivering results and creating citizens' support. In any case, the real challenge to the 'Convention method' is now vividly displayed - it is the domestic scene. In a wide-ranging interview with French daily

Le Figaro, French Foreign minister Michel Barnier has said, referring to the British defence of its red lines, that EU Member States must not 'go backwards' on the Constitution and should not accept a Constitution 'on the cheap'. Barnier also pointed to the possibility of simultaneous ratification of the Constitution in the 25 Member States if and when it is agreed. Besides political audacity in the domestic scene, the long term perspective should not be missed. The new changes proposed by the Irish Presidency may have the virtue of resolving the impasse but the result will also be appraised from other viewpoints. Will the final package turn out to be a lowest common denominator, a more twisted variant of the Convention text, or a document that will survive the complexities of post-national governance and the legitimacy test?

2.2. From 50 to 20 and moving on

Discussions have proceeded incrementally in terms of political sensitivity. In the very first meeting of the re-launched IGC of 4 May the Presidency aimed at reaching preliminary agreement on around 50 issues of smaller importance (covered under document CIG 73/04), among them: the insertion of explanations regarding the Charter of Fundamental Rights, formations of the Council of Ministers, procedures for appointing the Commission, the President of the European Council, etc.

The Presidency believed that further discussion of many of these points was not necessary at this point and consolidated the agreements under CIG 76/04. However, some - the Presidency admitted - required further debate. These occupied the ministerial meeting of 17-18 May, mainly: the formations of the Council and its Presidency system; a number of aspects relating to budgetary procedures both regarding the adoption of multiannual financial framework and the annual budget, and the Court control in excessive budget procedure and the incorporation of explanations relating to the Charter of Fundamental Rights (CIG 75/04).

[Working document for 4 May 2004 \[CIG 73/04\]](#)

[Presidency proposals following the meeting on 4 May 2004 \[CIG 76/04\]](#)

[Discussion at Ministerial meeting 17/18 May 2004 \[CIG 75/04\]](#)

Formations of the Council and the presidency system

The Irish Presidency updated the suggestions presented by the Italians last November in CIG 52/03 ADD 1. Although, on the whole, little was changed in Article I-23, the Irish draft did change the way in which the conditions for the presidency of Council formations should be set, from a decision by unanimity in the European Council to one by qualified majority.

The draft decision on the presidency, however, was dramatically altered, indicating the continuing desire of the Member States to find a solution that approximates - as closely as possible - the current six-month term. Most Member State delegations, in response to the questionnaire circulated by the Italians last autumn, suggested team-presidencies acting over a period of 18 months. The new proposal reflects these suggestions and creates an eighteen-month presidency. In addition, the presidency of each Council formation will rotate between the members of the group so that each chairs each Council for one six-month period.

[Naples Presidency Proposals \[CIG 52/03 ADD\]](#)

[Euractiv](#)

Budget related procedures

Three types of procedures are problematic. Firstly, the highest level of decisions regarding the Union's own resources, secondly the decision-making procedures for the adoption of the multiannual financial framework (or financial perspectives) and thirdly, the procedures for adoption of the annual budget.

In its Resolution on the financial provisions in the Draft Constitutional Treaty the Parliament understands that the final decision on own resources is left to the Member States, the final decision on the multi-annual financial framework now included in the Treaty (after conciliation and consent of the European Parliament) is left to the

Council, and the final say on the annual budget is left to the Parliament.

Regarding the highest level, under the EU Constitution, the decision concerning own resources (ceiling, categories of revenue) remains to be decided by Member States acting unanimously after consultation with the EP. The agreement then has to be ratified in all Member States according to their own constitutional requirements (Article I-53(3)). The novelty introduced by the Convention is that the decision regarding the modalities of own resources could be passed by QMV and with the consent of the European Parliament (Article I-53(4)). This latter point has been opposed by the UK which fears losing its 1975 rebate.

Regarding the multi-annual perspectives, the Convention could not reach an agreement on removing unanimity for the adoption of the financial perspectives for the first round of negotiations following the entry into force of the Treaty (that is possibly as late as 2017). From that point onwards, however, the multi-annual financial framework is to be agreed by QMV in the Council and with the consent of the European Parliament (Article I.54(4)). This QMV element has been questioned by the IGC. Some delegations wish to return to the rule of unanimity combined with a 'passerelle' clause providing for the introduction of QMV in the future. The Presidency however, has maintained its proposal of moving to QMV only after the first financial perspective following the entry in force of the Constitution is adopted.

Regarding the annual budget (Article I-55 and III-310), the Convention recommended a simplified procedure in which the current distinction between compulsory and non-compulsory spending was eliminated. The effect is that the Parliament will have full co-decision powers over the whole of the annual budget including the CAP. The removal of this distinction has clarified the budgetary process but posed the problem of finding a new balance between the Council and the Parliament. Thus a substantial number of Member States have opposed the EP having the last say over the annual budget. UK

Chancellor Gordon Brown has insisted on reverting to proposals agreed by finance ministers at the informal ECOFIN meeting in Stresa last year. These include not letting the European Parliament have the final say over the EU annual budget; not taking away member states' veto on the multi-annual budget. Indeed, IGC discussions on the budget have had a largely input from ECOFIN Council (see [November Newsletter 2003](#)). On 11 May, after meeting of ECOFIN, it emerged again that ECOFIN ministers would draw up a 'shortlist' of issues were finance ministers agreed among themselves. According to Irish Finance Minister McCreevy 'taking away the sole right of the European Parliament to have the final say over EU's budget is one issue where there may be agreement among ministers'.

On the other side of the fence, budgetary rights are perceived by the European Parliament as an essential right of all parliaments. Parliament representatives have pointed out that the EP could hardly accept a budgetary procedure that would imply a significant drawback in comparison to its present powers. For both MEP representatives at the IGC: 'The budget question will be decisive for the European Parliament when it will be called to express its opinion on the draft Treaty. It is unacceptable to reduce the powers of Parliament below the actual state'.

Budgetary procedures were discussed again at the IGC meeting of 25 May. The Presidency produced and circulated a paper to delegations (CIG 78/04) which, after a brief discussion, 'received a general welcome' according to the Presidency and the Press. In its declarations to the Press the Presidency noted that the institutional balance between the decision on own resources by the Council, the assent on the multi-annual financial programming and Parliament's decision on the annual budget must be established. 'There is no question of there being a raid of the European Parliament's powers' insisted an Irish diplomat, adding 'we are looking for a balanced solution'.

[EU Observer](#)

[EU Observer](#)

[Presidency proposal \[CIG 78/04\]](#)

ECJ control over excessive deficit procedure

Finally, in the field of economic governance the repeated infringement of public deficit rules by some Member States, has raised the issue of whether the European Court of Justice ought to have a role in monitoring the procedural aspects of the Stability and Growth Pact.

The Convention excluded from the Court's supervision the excessive deficit procedure (Article III-76(12)). The excessive deficit procedure gives the Commission the power to monitor compliance with public deficit rules, notably, the Commission can launch litigant actions against those states not complying. At its meeting in Stresa ECOFIN ministers opposed giving the European Commission power to start procedures against Member States on the Stability Pact without the consent of finance ministers. The IGC however, is considering a proposal put forward by the Italian Presidency to enable the Court of Justice to review infringements of the excessive deficit procedure on procedural grounds.

Charter of Rights

The Charter of Fundamental Rights, circumscribed by the limiting clauses (Articles II-51, II-52), had seemed to be a subject area 'banked' by the Italian IGC. In the document created for the 17-18 May meeting of the IGC (CIG 75/04), the Irish Presidency made only small amendments, incorporating the Italian suggestion that the Preamble be expanded to include the updating of the 'official explanations' on the Charter, and that these explanations be included in a declaration to the Final Act of the IGC (CIG 52/1/03).

One of a number of issues that were hidden by the overriding disagreements on the voting system, the Charter of Fundamental Rights has now appeared as a major flash point in the constitutional negotiations. Although the UK is reluctant to admit that fundamental rights are a 'red line', the government is demanding further technical amendments to the Charter to provide 'legal certainty' - particularly on labour rights. France and Germany responded

to the UK's efforts with anger. As German MEP Klaus Hänsch said, 'there is already a text explaining how the Charter is put into place' and suggestions were made that the UK was toughening its position due to the future referendum.

Jack Straw, in an interview with the BBC, has claimed that the UK has already succeeded in 'pinning down' that the right to strike has to be seen in accordance with not only Union law, but national laws as well - although no new language has been made public in any Presidency documents. Straw also denied that he used the threat of a referendum to obtain any concessions on the legal enforceability of the Charter. (See UK Debate below)

[Downing Street site](#)

[The Times](#)

[EU Observer](#)

Enhanced co-operation

The Constitution facilitates initiatives by which a group of Member States may decide, as a last resort, to integrate more closely in a given policy area. Authorisation by the Council to undertake enhanced co-operation is, under the Constitutional Treaty, to be taken by QMV with the consent of the Parliament (Article I-43).

Initiatives of this sort i.e. of closer co-operation within the Treaty, could emerge as a reaction to roadblocking by individual countries opposing to yield their veto in areas such as tax, social security and judicial affairs. Indeed, France, Germany and Spain, supported by a number of smaller countries, want to be able to reach decisions on issues such as tax and judicial co-operation on the basis of a qualified majority vote. At the IGC the UK has opposed QMV for enhanced co-operation in CFSP (Article III- 324 (2)) and the other 'red line' areas. (See Extensions to QMV below)

[Financial Times](#)

2.3. Towards the more Sensitive Issues

A second level of more problematic issues, scope of QMV and the future composition of the Commission, were

also discussed at the 17-18 May IGC meeting.

Composition of the Commission

Another controversial issue is the size of the Commission, which should balance the conflicting interests of political legitimacy and efficiency. The draft Constitutional Treaty provides for a 15 member Commission College plus non-voting members from the remaining Member States from 1 November 2009. Equal rotation for voting rights would be provided.

The Irish Presidency has not yet elaborated an alternative compromise that could be ratified by all Member States. It has suggested the possibility of a postponement for the switchover to a smaller Commission by keeping the system of one Commissioner per member state for another two full terms, i.e. until 2014. Nonetheless Dublin has expressed its desire to see a compromise reached as soon as possible and it is testing out new ideas in relation to the composition of the Commission. Various options have been put forward. Germany has suggested that membership could be fixed at two thirds of the number of Member States; or otherwise a Commission of 18 members after 2014 so that in a 27 member Union, each state could have a representation in 2 out of 3 mandates. With regard to the latter, however, the Presidency is concerned about future enlargements, as the Commission would also grow in size.

Meanwhile there have been some signs from smaller countries (Denmark, Ireland) indicating a move towards accepting the loss of a Commissioner.

[The Independent](#)

[EU Observer](#)

[EU Observer](#)

Extensions to qualified majority voting (QMV)

Dublin identified the question of the scope of qualified majority voting as an outstanding issue. And indeed during the 17 and 18 May IGC session, the UK aroused French and German ire by reasserting its 'red lines': Britain wants to maintain a veto right in the areas of

Common Foreign and Security Policy, tax, budget, social security, justice and the procedure to set up enhanced co-operation.

On the veto issue, the Irish are likely to be pragmatic and take into account the UK's 'red line' stance - particularly now as the country is to have a referendum on the final document.

The draft Constitution provides for qualified majority voting in limited areas of CFSP and taxation. Regarding CFSP, the Convention's text maintains the present position whereby the use of QMV is limited to the implementation of consensual decisions of the European Council (Article III-201(2)). Even then, any Member State, for 'vital and stated reasons of national policy' may press the emergency brake and veto a decision. The Italian Presidency proposed an extension of QMV to proposals of the Foreign Minister. According to the Financial Times, Mr Straw did achieve one key public British objective when Mr Cowen confirmed that the Irish Presidency would delete a proposal to extend the use of QMV to EU foreign policy. The idea was never likely to be accepted, not only because of British opposition but also given French scepticism and unwillingness to surrender its freedom of manoeuvre on the world stage - expressed in private.

As regards taxation the Convention proposes that, with respect to company taxation, turnover taxes and excise duties (and only if necessary for the functioning of the internal market and to avoid distortion of competition), the Council can decide by unanimity to take measures relating to administrative cooperation or to combat tax fraud or evasion according to the normal legislative procedure i.e. QMV plus co-decision (Article III-62(2) and III-63). The UK (and Ireland) are contesting this point at the IGC.

The draft Constitution also introduces the normal legislative procedure for the provision of social security for mobile workers (Article III-21). It does not provide for the harmonisation of social security systems. Nevertheless the UK is contesting this proposal at the IGC. Following UK's requests the Irish

Presidency has proposed an emergency break clause, whereby a Member State may suspend the legislative procedure when a European framework law could significantly affect its national security system.

[Euractiv](#)

[Le Monde](#)

[Le Figaro](#)

[EU Observer](#)

[Financial Times](#)

New issues

Although the Presidency asked for no new issues to be brought to the IGC plate (see [May Newsletter](#)), and considering that it is very difficult at this late stage to change the draft, France is calling for a social Summit to be written in the Constitution, and new items such as fighting smoking and alcohol abuse have entered the IGC agenda. The Spanish government has also brought to the table of the IGC the issue of inclusion of minority languages in the Constitutional Treaty. Fulfilling a promise made by the Spanish Prime Minister at the time of its parliamentary inauguration, the Spanish government has proposed for minority languages such as Basque, Galician or Catalan, a 'special language' status equivalent to the rights already enjoyed by Gaelic or Irish. Currently 'official language' status equates to working language rights i.e. all documentation (including web materials) is translated and interpreted. Under the current 'special' status, or the new 'Constitution language' status, citizens are able to address the European institutions in this language and receive a response in this same language, having an official translation of the Constitution, and to address questions to the European Parliament and to the Ombudsman (Article I-8 (2)). The Spanish request has been met with reluctance. The Irish Presidency has accepted that the Constitution could be translated to the Spanish regional languages but has dismissed correspondence rights.

2.4. A Small Number of Highly Sensitive Issues

The IGC met again on 24 May in

Brussels. On the basis of papers circulated by the Presidency, Foreign Ministers moved to discussion on the most politically sensitive issues: the double majority voting system, seats in the European Parliament, the Preamble and the Budget (see above).

Preamble

Although calls for a reference to Christianity were made during the Convention, the Draft Constitutional Treaty does not include a reference to Christianity in its Preamble. The major new development in this dossier is the change of position in the Spanish delegation following the change of government in the March General Election. The new government will no longer support the insertion to a reference to Christianity in the Draft Constitutional Treaty. Nonetheless, a letter addressed to the Presidency and signed by seven countries (Italy, Lithuania, Malta, Poland, Portugal, the Czech Republic and Slovakia) called for such a reference to be included in the Preamble. France, Belgium, Spain, Slovenia, Denmark and the UK are among those calling for the Preamble to remain as it is. The Irish Presidency has not made any proposal but no final decision has been made on the issue either. The issue is set to be left to EU leaders to deal with when they meet in June to finalise the Constitution negotiations.

[EU Observer](#)

[La Croix](#)

[La Croix](#)

Double majority

Member States have reached a consensus on the principle of a double majority system as opposed to the complex majority system set up at Nice. The Nice Treaty provisions on how to define a majority in the Council follow the principle of 'triple majority', i.e. qualified majority is achieved if a decision receives a set number of votes (based on the weighting of votes) and is agreed by a majority of Member States. In addition, Member States may request a verification that 62% of the EU's population is represented in the

positive vote. The Nice Treaty gave Poland and Spain, with much smaller populations, a voting weight which was almost equal to that of Germany (27 as compared with 29).

From March 2004, with the change of government in Spain, both Spain and Poland have withdrawn their opposition to decision-making in the Council on the basis of double majority formula. What remains problematic, however, for both states is the quantification of their relative weight (in relation to larger countries) as expressed in the percentages of population and countries required for adopting and blocking the adoption of a decision in the Council of Ministers. As opposed to the Convention's proposal of 60% population and 50% state support for a decision in the Council, both Spain and Poland want to increase the percentages. An increase in the percentages would obviously make reaching decisions at 25 harder. French, German and Italian Foreign Ministers have said they are ready to increase the population percentage but not as much as Spain requests. There are different views on where the appropriate balance lies. Another emerging possibility would be that abstentions as well as positive votes could count.

To top it off, Polish interim Prime Minister Marek Belka told the *Frankfurter Allgemeine Sonntagszeitung* on 30 May that Poland has 'in principle' accepted the double majority system, but that this should be complemented by the possibility of a veto of EU decisions by states representing a fifth of the EU population.

The Irish Presidency has not yet put forward a written proposal but has indicated that the percentages set out in the Draft Constitutional Treaty (50% of Member States gathering at least 60% of the EU population) will probably have to be renegotiated, but will insist that the gap between the population and the Member States thresholds does not exceed 10%. The Presidency circulated a note on these issues to Foreign Ministers ahead of the meeting on 24 May which outlined the basis for the discussions (CIG 77/04).

A compromise proposed by the Irish could be a revised figure of 65-55%

(population and states respectively) which would not enter into force until 2014. The Taoiseach is not ruling out anything: 'We are continuing to explore how the concerns of different Member States can be met. As I have said before, this can be done through making some adjustments, including to the thresholds and arrangements for the transition to the new system. Any new arrangement would, of course, have to make decision-making more efficient'. New proposals have been floated such as introducing further conditions to the double majority rule. Thus legislative proposals would be adopted if they managed to muster a support of 55% of Member States representing 65% of the population, but also when those states objecting to such a decision represented less than 15% of the EU population and/or less than 4 Member States. Clearly the risk of introducing further conditions to the double majority system is one of turning a simple formula into a method the difficulty of which would alienate citizens. In sum, the squaring of the circle consists of drawing up a more efficient, effective decision-making process, and one that will meet with political agreement. As regards seats in the Parliament, Minister Cowen has stated that it seems that it will be possible to meet the concerns of some countries by providing for a modest increase in the minimum threshold suggested by the Convention to the smallest states i.e. from four seats to five, or possibly six.

[The Guardian](#)

[EU Observer](#)

[Irish Presidency site](#)

[Euractiv](#)

[Avui](#)

[Discussion at Ministerial Meeting, 24 May 2004 \[CIG 77/04\]](#)

[EU Observer](#)

[FAZ](#)

3. Parallel Developments

COSAC Conference

While discussions have started in some national Parliaments on the implementation of the early warning system, on 19-20 May MEPs and representatives of European Affairs Committees from 25 national

Parliaments across the EU and candidate countries met in Dublin for the annual COSAC Conference.

COSAC debated the new provisions under the Draft Constitutional Treaty with particular reference to the role of national Parliaments including regional assemblies. The Conference also analysed developments in scrutiny procedures and practices by national Parliaments on EU legislation.

[COSAC XXXI Meeting](#)

The Stability Pact

Manoeuvring by the big three indicates that changes to the Stability and Growth Pact are looming. Besides the ongoing discussions on the Lisbon Agenda, the German ruling party has, for the first time, openly started debating the usefulness of the Stability Pact. On 20 May the British, French and German finance ministers co-authored an article in the Financial Times calling for reform of the EU's Stability Pact. The rhetoric was followed on 25 May by Tony Blair and Chancellor Gordon Brown holding separate meetings with new French Finance Minister Nicolas Sarkozy.

In their article, Gordon Brown, Nicolas Sarkozy and Hans Eichel, while reaffirming the validity of a multilateral surveillance system for fiscal discipline as it 'has encouraged greater transparency of Member States' fiscal positions', nonetheless contested the evaluation of the situation of national public finances in the pure terms of budget discipline. Individual cyclical and structural framework conditions as well as focussing on the long term view of debt levels, the sustainable funding of pension and health commitments and the improvement of the quality of public finances should also be taken into account. 'National governments remain responsible for fiscal policy and assume this responsibility vis-à-vis their fellow citizens'.

[Euractiv](#)

[Financial Times](#)

[e-politix](#)

4. UK debate

Salami Tactics

On the Continent, the UK's attitude in the IGC has caused an increase in pessimism about reaching agreement on the Constitution. Joschka Fischer has accused the UK of using 'salami tactics' in the negotiations on the EU Constitution - slicing up the document with their red lines to reduce it to 'nothing'. French newspapers suggest that the British are trying to sabotage the Constitution, using the pretext of the referendum - and the risk of a 'non' - to demand concessions. In Britain, Jack Straw has also intimated that a successful conclusion to the IGC is not certain - but the blame continues to be placed at the door of those countries concerned about voting rights.

Putting the UK's 'salami tactics' into slightly different terms, Straw has made the point that it is more of a attention to details - 'dotting every i and crossing every t' - and 'battling for Britain'. Straw and Blair are adamant about the red lines - on foreign policy, the budget, justice, social security and own resources. Straw has threatened his colleagues that the UK will veto the constitution if the conditions are not met, and he has dismissed the idea that the Constitution could enter into force with less than unanimous (all 25 states) ratification.

The Dutch Foreign Minister has said that it is inevitable that Britain will have to give up some of its red lines. In fact, with regard to justice, there are some signs that the UK may be softening its position. Tony Blair has indicated that he would now back a European Public Prosecutor with broad powers in areas such as cross-border crime and terrorism, in addition to financial crime against the EU budget.

Nonetheless, Jack Straw's comments indicate that there is little chance of Britain's caving on its major issues. The Blair Government is clearly milking the last round of negotiations for domestic advantage - and in so doing has angered its European partners and frustrated the Irish Presidency. If the negotiations fail again this June, the hunt will be on for scapegoats, and the British may be an obvious candidate.

[Downing Street site](#)

[Le Figaro](#)

[Liberation](#)

[BBC Radio 4 Interview](#)

[EU Observer](#)

European Elections

The European Election campaigns have been heating up in the UK, with a fair amount of attention being paid by the Eurosceptics to both the future EU Constitution and the desirability of being in Europe. This focus on 'European Issues' - including, in Scotland, attention to the fisheries debate by the SNP - may reinforce political scientist Michael Steed's theory that European elections should no longer be seen as 'second order' elections. Steed suggests that when political parties talk about Europe in the European elections they do marginally better than their competitors. This theory may explain why in a recent poll, UKIP (the UK Independence Party) - who have been running a clearly anti-Europe, anti-Constitution campaign - pulled ahead of the Liberal-Democrats - who have been focusing on their opposition to the Iraq War and attacking the Labour government on its record in the social services.

A good showing by UKIP and the Eurosceptic Conservatives would only highlight the increasingly difficult task the Labour Government is facing in winning a referendum on the Constitution - should it be agreed in June.

[Michael Steed, European Essay No. 30](#)

5. News from the Constitution Project



Towards a European Constitution: Conference and Dinner

Registration is still open for this Conference on 1-2 July 2004 in London which will conclude our 3 year EU Constitution project.

The Conference will explore the

constitutional dimension of the current round of EU reform and it will provide a platform for debate on the Convention and the IGC as well as on the broader theme of the EU as a constitutional project. Confirmed speakers include Prof. Neil Walker, Prof. Neil MacCormick, Prof. Deirdre Curtin, Ana Palacio, Lord John Kerr, Advocate General Miguel Poiares Maduro, Andrew Duff, Linda McAvan, Dr. Thomas Christiansen, Dr David Phinnemore, Prof. Charlie Jeffery, Prof. Larry Backer, as well as European Commission and Foreign Office officials.

The Conference will be accompanied by a Dinner on 1 July. Peter Sutherland (Chairman of BP plc, Chairman of Goldman Sachs International, founding Director-General of the World Trade Organisation and former Director General of GATT) will speak on 'The Future of Europe'. Dinner can be booked separately from attendance to the Conference. However, those attending the Conference will enjoy a special rate.

Visit our website for Conference information and online registration www.fedtrust.co.uk/conference2004

Graduate Student Essay Competition

With support from UACES Student forum, the University of Birmingham, The Jean Monnet Centre at the University of Leeds the University of Manchester, and the European Parliament Office in London, this competition aims to encourage study and reflection on the broad topic of 'the future of the Union'. Essays could focus on European constitutionalism, EU reform, theories of integration or policy issues such as developments in defence or economic governance.

The winning essay will be published as a Federal Trust European Essay, and the winning student will receive £100. See details of the competition at www.fedtrust.co.uk/graduatecompetition

Last date for submissions is 1 July 2004!

EU Constitution Database

The Federal Trust, in conjunction with the Jean Monnet Centre at the University of Manchester, is launching a Database of press cuts and official documents relating to the European Constitution, the Convention on the future of Europe and the 2003-4 IGC. The Database contains press articles from major newspapers and news portals in the UK and European countries, as well as official documents and reports relating to the Future of Europe debate.

The database will be useful to those interested in EU constitutional issues, researchers in academia and in the Press to easily compile references and records on individual aspects of the EU Constitutional reform process.

Access to all records is free, but access to articles in those sites requiring subscription are subject to providers' subscriptions rules. Visit the database www.fedtrust.co.uk/constitutiondatabase (please note that we are still in the process of sorting out the readability of special characters).

6. Web Corner

Version three Making it Our Own: A trans-European proposal on amending the draft Constitutional Treaty for the European Union" is now available on our website: www.fedtrust.co.uk/making_it_our_own The Federal Trust advertised and posted the previous versions written and endorsed by 100 academics. The latest amendments concern QMV and the Commission. Quiz of the month: will the member states respond to the call for rewriting the terrible Preamble?

Act4europe, a campaign of the Civil Society Contact Group formed to lobby cross-sectorally and across Europe around the Convention on the Future of Europe and the Intergovernmental Conference, produces regular Bulletins on the state of negotiations. Online Bulletins: www.act4europe.org

New book on the European Convention: 'Der Verfassungsentwurf des Europäischen Konvents', edited by Prof. Jürgen Schwarze. The volume

compiles contributions to two Conferences by European Institutes in Freiburg on the themes of economic and constitutional law. Contributors include Prof. Ulrich Everling, Elmar Brok, Prof. Jürgen Meyer, Prof. J. Schwarze, Prof. John Usher, etc.

7. Events

'Wales and the Future of Europe: Our Place Within the Emerging European Union Constitution', Conference organised by the Institute of Welsh Affairs, Cardiff and the Institute of Welsh Politics, Aberystwyth, 18 June 2004. Conference [Programme](#).

Contact: wales@iwa.org.uk

'Human Rights and Civil Liberties and the EU' Seminar by Professor Conor Gearty, Director of the Human Rights Centre, LSE and member of Matrix Law Chambers. Seminar organised by Jean Monnet Center at University of Manchester. Cafe Muse, Oxford Road, 17 June 2004, 6.30-8.00 p.m. [Book online](#).

New Thinking on European Asylum Policy, Organised by Wyndham Place Charlemagne Trust, 22 June at 6 30 p.m.

Contact: judykeep@onetel.net.uk

ECPR 2nd Pan-European Conference on EU Politics 24-26 June 2004 Bologna, Italy. www.essex.ac.uk/ecpr/events/index.asp

Post-Graduate Student Conference on European Foreign Policy at the London School of Economics, 2-3 July 2004.

Contact: aktipis@lse.ac.uk

0792/9204575

'The European Constitution - how federal?'. Federal Studies Conference organised by The James Madison Trust, 2-4 July 2004, University of Kent, Canterbury.

Contact:

Grace@insideeurope.fsnet.co.uk