

## House of Lords Debate, Thursday 31 January 2013

### EU: Prime Minister's Speech

#### *Motion to Take Note*

**1.10 pm**

**Lord Owen:** The speech was that of a party leader, not a Prime Minister. What interests me, and, I suspect, interests the country, is what the Prime Minister is going to say when the European Council meets in the summer and, we are told, President Hollande and Chancellor Merkel will be proposing changes in the eurozone. Those changes are essential due to the economic situation—you have only to see the results in America. This economic global situation is still very serious and we need to encourage that process of reform in order to keep the eurozone viable. That is essential in the British interest.

I hope that the coalition will be able to put forward a sensible negotiating position. I suggest that it should be the following. There is no need for an intergovernmental conference but there will be a need for treaty change to reform the eurozone. We in Britain will be helpful in that process. Within the European Council we will contribute to unanimity where there is to be an increase in integration for the eurozone countries. Such treaty amendment would come under the significant clause in the very sensible legislation passed in this Parliament in 2011 allowing for a referendum where there is a transfer of sovereignty which affects this country. However, these transfers of sovereignty will not affect this country and therefore there does not have to be a referendum. That is a practical new idea and a negotiating stance which should be put forward this summer.

At the same time, we must argue—and it is perfectly rational to do so—that you cannot have much greater integration of the eurozone countries without there being a profound impact on the single market and indeed on other aspects of the European Union. That is not a selfish or a foolish view; it is a serious view, and it

ought to be represented by some of the diplomats in this House a little more frequently. The fact is that in that debate we will put forward issues. It has been rightly that it has already been addressed in part, but not sufficiently, in the banking union. If the eurozone countries were to vote en bloc in the single market, as they wanted to do in the banking union, that would have a profound effect. It would mean that all the voting-all the weighting-would be unanimous, even if there were disagreement within the eurozone. That is a profound change.

I believe that the way to deal with this is not with British exceptionalism; it is to accept that the single market needs to be restructured at the same time as there is reform of the eurozone. The best and simplest way of doing that would be to take one single initial step-to ensure that Norway, Iceland and Liechtenstein, which are part of the EEA treaty, which has already separated out the single market from all the other aspects of the treaties, are invited in as full members. That would be a logical development. It would be a recognition of the fact that there are other European countries with interests and involvements in the single market, and it would ensure that Britain was not necessarily always alone because it was outside the eurozone. That is not an exceptionalist position. I believe that it could be argued for and it would be a sensible renegotiation-one which should not wait until after a general election which the Conservative Party may or may not win, but one which should happen now, in the present. That position should be put forward. There are other aspects of the single market that similarly should be addressed.