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New CER/BNE policy brief

Why treaty change matters for business and for Britain

By Hugo Brady and Charles Grant

If Britain blocked a new EU treaty, the consequences would be grim, according to new research from the Centre for European Reform and Business for New Europe.

Blocking a new treaty would be bad for the UK because:

- ★ For many EU countries, widening and deepening go together, which means they will block further enlargement without a new deal on institutional reform.
- ★ The UK would lose influence on crucial debates on the future of Europe, such as those on the EU budget and the common agricultural policy that are due in 2008-09.
- ★ If the EU is paralysed by rows over institutions and treaties, it will be less capable of dealing with the key external challenges such as the Doha trade round, climate change, Russia and the Middle East.

After extensive consultation with the business community, the research found that many businesses would support a treaty which improved the process of decision-making, and did not transfer substantive powers to the EU. The expansion of the EU to 27 members has not stopped it from taking decisions but has led to problems in two areas: justice and home affairs, and foreign policy.

Roland Rudd, Chairman of Business for New Europe, said:

“Business supports a treaty which improves the EU’s decision-making and its effectiveness, and which does not transfer substantive powers to the EU. The UK would get ‘nul point’ for blocking a new treaty. The full-blown European Constitution is no longer on the agenda.”

Charles Grant, Director of the Centre for European Reform, said:

“With a new generation of reform-minded leaders in charge of France, Germany and the European Commission, Britain has a chance to help lead the EU towards a more pragmatic, economically liberal future. But if it blocks a new treaty, its voice will count for less and others will lead the EU.”

Notes for editors:

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