



**European Council**  
The President

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I am writing to let you know where we stand on the issue of a UK in/out referendum before we address it at the December European Council.

In November Prime Minister Cameron set out the four areas where he is seeking reforms to address the concerns of the British people over UK membership of the European Union. On this basis, we, in close cooperation with the Commission, held extensive bilateral consultations at Sherpa level with all Member States. We also discussed it with representatives of the European Parliament.

Clearly this is a significant and far-reaching agenda. Consultations have shown that the issues raised by the British Prime Minister are difficult. At the same time there is a strong will on the part of all sides to find solutions that respond to the British request while benefiting the European Union as a whole.

We have been looking at the four baskets mentioned by PM Cameron. Let me briefly set out my assessment of where we are in this respect.

1. On the relations between the euro ins and outs we could search for an agreement around a set of principles that will ensure the possibility for the euro area to develop further and be efficient while avoiding any kind of discrimination vis-à-vis Member States that are not yet, or, in some cases, will not be part of the euro. We are also looking into the possibility of a mechanism that will support these principles by allowing Member States that are not in the euro the opportunity to raise concerns, and have them heard, if they feel that these principles are not being followed, without this turning into a veto right.

2. On competitiveness, there is a very strong determination to promote this objective and to fully use the potential of the internal market in all its components. Everybody agrees on the need to further work on better regulation and on lessening the burdens on business while maintaining high standards. The contribution of trade to growth is also very important in this respect, in particular trade agreements with fast growing parts of the world.

3. The third basket concerns sovereignty. There is wide agreement that the concept of "ever closer union among the peoples" allows for various paths of integration for different countries. Those that want to deepen integration can move ahead, while respecting the wish of those who do not want to deepen any further. There is also a largely shared view on the importance of the role of national parliaments within the Union as well as strong emphasis on the principle of subsidiarity.

4. The fourth basket on social benefits and the free movement of persons is the most delicate and will require a substantive political debate at our December meeting. While we see good prospects for agreeing on ways to fight abuses and possibly on some reforms related to the export of child benefits, there is presently no consensus on the request that people coming to Britain from the EU must live there and contribute for four years before they qualify for in-work benefits or social housing. This is certainly an issue where we need to hear more from the British Prime Minister and an open debate among ourselves before proceeding further.

All in all it is my assessment that so far we have made good progress. We need some more time to sort out the precise drafting on all of these issues, including the exact legal form the final deal will take. We also have to overcome the substantial political differences that we still have on the issue of social benefits and free movement. The December European Council should address all the political dilemmas related to this process. Based on a substantive political discussion we should be able to prepare a concrete proposal to be finally adopted in February.

Let me finally share with you some political remarks. All involved must take their part of responsibility. I will act as an honest broker but all Member States and the institutions must show readiness for compromise for this process to succeed. Our goal is to find solutions that will meet the expectations of the British Prime Minister, while cementing the foundations on which the EU is based. Uncertainty about the future of the UK in the European Union is a destabilizing factor. That is why we must find a way to answer the British concerns as quickly as possible.

In times when geopolitics is back in Europe, we need to be united and strong. This is in our common interest and in the interest of each and every EU Member State. The UK has played a constructive and important role in the development of the European Union and I am sure that it will continue to do so in the future.

Salutation

D. TUSK