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THE PRIME MINISTER

Wednesday, 23 January 2013

Dear Colleague,

Following my speech today, I am writing to set out how Britain can remain in the European Union with a new settlement that better suits our country and better reflects the will of our people.

The European Union is in the grip of change. Internally, the single currency is driving a major shift in its structure. Externally, the global race that is underway is showing up Europe's lack of competitiveness against leaner, more dynamic economies in the East and South. These changes are set against increasing unease amongst the peoples of Europe about the direction the EU is going in; the powers it is taking on and what this means for them.

Together, these changes are forcing a series of fundamental questions about the future of the European Union and Britain's place within it. These questions aren't going away and I believe we should be playing a leading role in shaping the debate. That is why I made this speech, and have set out this policy.

Let me be clear about my personal position on this matter. Britain should want to remain in the European Union because we are an open, trading nation – around 50 per cent of our trade is with the EU. We need to be in the single market, not just selling goods to Europe, but having a seat around the table and having a say in what the rules are. But public disillusionment with the EU is at an all-time high and people feel that it is heading in a direction that they never signed up to. The result is that democratic consent for the EU in Britain is now wafer thin.

So we need to negotiate a better settlement for Britain in the EU. The best way to achieve this would be in a new Treaty that makes the changes needed to resolve the crisis in the Eurozone, while at the same time protecting the interests of those outside the Eurozone, and driving forward reform for all. That is why I am adding my voice to those who are already calling for this. My strong preference is to enact these changes for the entire EU, not just for Britain. But if there is no appetite for a new Treaty for us all, then of course Britain should be ready to address the changes we need in a negotiation with our European partners.

As I set out in my speech, this new settlement we are seeking should be rigorously focussed on what matters to the peoples of Europe: competitiveness; flexibility and fairness for all Member States, whether inside the Eurozone or out of it; more respect for national democracies; and crucially, this new settlement must make clear that powers should be able to flow back to Member States, not just away from them.

I am in favour of seeking fresh consent from the British people for this new settlement in a referendum. So the next Conservative Manifesto in 2015 will ask for a mandate from the British people for a Conservative Government to negotiate a new settlement with our European partners in the next Parliament. It will be a relationship with the single market at its heart. And when we have done so, we will give the British people a referendum with a very simple in or out choice – stay in the EU on these new terms; or come out altogether. It will be an in-out referendum.

Legislation will be drafted before the next election and, if a Conservative Government is elected, we will introduce the enabling legislation immediately and pass it by the end of that year. We will complete this negotiation and hold this referendum within the first half of the next parliament.

There are two groups of people who disagree with this plan. In the first camp are those that say this is irresponsible, that we are putting a question mark over Britain's place in Europe which could disadvantage British business. My response is simple: the question mark is there anyway. The debate is underway. Those who refuse to contemplate consulting the British people would in my view make more likely our eventual exit. That is why I am in favour of a referendum.

In the second camp are those who agree we need a straight in-out referendum but argue we should hold one now. I understand the impatience. But a vote today between the status quo and leaving would be a false choice. It is wrong to ask people to stay before we have had a chance to put our relationship with Europe right, and while the European Union is still in flux.

Over the coming years I will work hard for a new settlement that delivers for Britain. When the referendum comes, if we can negotiate a settlement that is good for Britain, then I will campaign for it with all my heart and soul. I believe that Britain's national interest is best served in a flexible, adaptable and open European Union – and that such a European Union is stronger with Britain in it.

Please find a copy of my speech attached.

Tom
Dain