

## The Luxembourg Compromise (January 1966)

**Source:** DANESCU, Elena Rodica. Le compromis de Luxembourg (janvier 1966).

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**URL:** [http://www.cvce.eu/obj/the\\_luxembourg\\_compromise\\_january\\_1966-en-7d950794-4bod-4e3f-ba86-a3b2dd16fa28.html](http://www.cvce.eu/obj/the_luxembourg_compromise_january_1966-en-7d950794-4bod-4e3f-ba86-a3b2dd16fa28.html)

**Last updated:** 04/07/2016



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The latent crisis between France and its partners in the European Economic Community reached boiling point in 1965. General de Gaulle was opposed to two major institutional reforms to the EEC. The first involved the arrangements for voting in the Council of Ministers, which were set to change from the principle of unanimity to qualified majority voting.<sup>1</sup> The second was the strengthening of the budgetary powers of the European Parliament (known at the time as the Assembly) and the European Commission in connection with the funding of the common agricultural policy (CAP) during the completion phase of the Customs Union.

France could not agree to these developments, which it regarded as an unacceptable renunciation of sovereignty. In addition, General de Gaulle criticised European Commission President Walter Hallstein for having prepared his budgetary proposal without prior consultation of the governments of the Member States. France was also afraid that a coalition of Member States might, on the basis of a majority decision, challenge the common agricultural policy, which France had persuaded its partners to accept only with great difficulty.

France held the Council Presidency until 30 June 1965, and its stance only exacerbated the latent conflicts between the ideas of the Hallstein Commission and those of the Council of Ministers. By refusing any solution based on compromise, Maurice Couve de Murville, French Foreign Minister in the second Pompidou Government, brought down the negotiations on the financial regulation of the agricultural policy. On 1 July 1965, the French Government recalled to Paris its Permanent Representative to the EEC and announced France's intention not to take its seat in the Council of Ministers until it had its way. This was the beginning of the '[empty chair](#)' crisis. It was the first time since the entry into force of the Treaty of Rome in 1958 that the EEC had been prevented from operating by the actions of a Member State.

For six months, France stayed away from Brussels and boycotted the Community. Aware, however, of the risks of prolonged isolation and of its impact on the national economy, the country eventually agreed to resume negotiations. At the meetings held in Luxembourg on 17–18 and 28–29 January 1966, the Prime Minister of Luxembourg and President-in-Office of the Council, Pierre Werner — known for his consensus-seeking character and the good personal relations he maintained with all the parties present — made a decisive contribution<sup>2</sup> to the working out of an agreement which freed the Community from deadlock.<sup>3</sup> This was the '[Luxembourg Compromise](#)', or 'Luxembourg reconciliation'. This arrangement, later referred to as an 'agreement to disagree', stipulates that if a Member State believes that its vital interests are at stake, negotiations have to continue until a universally acceptable compromise is reached.<sup>4</sup>

Should no such compromise be reached, France demanded compliance with the unanimity rule (i.e. giving the state in the minority a right of veto), while the five other partners held to the letter of the treaty. Noting this fundamental disagreement, the Six nevertheless decided that Community activities should resume. The document, which fundamentally altered the spirit of the EEC Treaty by creating a new mechanism by which states could exert pressure on the Council, did not, however, define what was meant by 'vital national interest' — this was left to the judgment of the state in question — or provide for an arbitration procedure in the event of dispute.

Charles de Gaulle welcomed the '[Luxembourg Compromise](#)', which provided a means of containing the supranational aspects of European integration and reorienting it towards an intergovernmental approach.<sup>5</sup>

This successful mediation in European affairs at a difficult time encouraged the idea that Pierre Werner might one day stand for the presidency of the EC Commission.<sup>6</sup> It was only a rumour, as the Luxembourg Prime Minister never really considered giving up his national electoral mandate.

In his moves to foster dialogue and rapprochement, Pierre Werner adopted an approach which he saw in theoretical terms as a method for any presidency: 'I regarded my presidency as an opportunity, primarily, for creating an atmosphere and a climate of negotiation which took account of the delicate sensitivities of partners aspiring to reach agreement. The agreement must not leave any losers in a squabble over minutiae of language which may disguise a persistent underlying disagreement.'<sup>7</sup>

Since then, the 1966 '[Luxembourg Compromise](#)' has frequently been invoked by Member States in order to block majority decisions. Contrary to the literal interpretation of the text, they have used the compromise in practice to make unanimity the normal decision-making procedure. The national delegations have therefore allowed the Luxembourg Compromise to degenerate into a right of veto with regard to sometimes minor issues. Under this arrangement, the Council agrees to continue discussions until such time as all the ministers are satisfied with the proposed solution. While the Luxembourg Compromise allowed the Six to break the deadlock, it created a situation which sometimes gave rise to a certain resistance to change, for fear that the negotiations might be blocked, and imposed a de facto limitation on the European Commission's right to propose legislation. This political loophole, which became increasingly unmanageable as the number of Member States increased, was partially corrected by the application of the Single European Act, which, from 1 July 1987, considerably broadened the range of decisions that could be adopted by qualified majority.

- 1 The Treaty of Rome provided for qualified majority voting from 1 January 1966. The qualified majority was set at 12 votes, with France, the FRG and Italy each holding 4 votes, Belgium and the Netherlands 2 votes and Luxembourg 1 vote.
- 2 In his memoirs, Pierre Werner says that the discussions which culminated in the ‘Luxembourg Compromise’ were based on an evolving document called the ‘Luxembourg document’, drafted by the Luxembourg delegation (Pierre Werner, Albert Borschette and Christian Calmes) and constantly adjusted according to the question under discussion and the wordings on which the Five had agreed unanimously, the adjustments being made by two successive pairs of delegates, Schroeder–Luns and Colombo–Spaak. As the chairman of the conference, Pierre Werner steered and led the debates from the outset along ‘two main lines: majority voting and relations between the Council and the Commission’, and ‘the conference achieved what it mainly set out to achieve: France’s return to the negotiating table, and [...] the legal integrity of the Treaty of Rome, [which] remained intact.’ (Werner, Pierre, *Itinéraires luxembourgeois et européens. Évolutions et souvenirs: 1945–1985*, 2 volumes, Éditions Saint-Paul, Luxembourg, 1992, Volume 2, pp. 73–80.)
- 3 ‘At a difficult time, when two different viewpoints were head to head, the Luxembourg Compromise made it possible to move forward.’ Ibid.
- 4 The agreement signed in Luxembourg on 29 January 1966, containing French concessions in the area of voting rights, was worded as follows: ‘Where, in the case of decisions which may be taken by majority vote on a proposal of the Commission, very important interests of one or more partners are at stake, the Members of the Council will endeavour, within a reasonable time, to reach solutions which can be adopted by all the Members of the Council while respecting their mutual interests and those of the Community. [...] [T]he French delegation considers that where very important interests are at stake the discussion must be continued until unanimous agreement is reached. The six delegations note that there is a divergence of views on what should be done in the event of a failure to reach complete agreement.’
- 5 ‘With regard to Europe, I shall tell you the point that we have reached and what my thoughts are in the light of the agreement reached in Luxembourg. We consider the agreement between the six governments to be felicitous, salutary even. For the first time since the beginning of the Common Market affair, we have openly walked away from the myth that the economic organisation of Europe was a matter for a body other than the states with all their power and responsibility. The matter was successfully dealt with by the Ministers for Foreign Affairs, away from Brussels, because we expressly acknowledged that political foundations and decisions were a necessary part of a successful economic order, because those foundations and decisions were the purview of states and states alone, and because it was for each government to determine whether the action they proposed taking jointly was compatible with the essential interests of its country. [...] Without overlooking the studies and proposals drawn up some time ago by the Commission in Brussels, it was only thanks to the intervention of individual countries — and, with regard to the common agricultural market, the intervention of France — that European economic integration was able to gradually overcome its difficulties. But the application of the majority rule and the associated extension of the Commission’s powers threatened to do away with this reasonable practice through the permanent usurpation of sovereignty.’ Press conference held at the Élysée Palace on 21 February 1966.
- 6 ‘There was a rumour going round in the first half of 1967 that Pierre Werner might stand for President of the EC Commission. Taking the results he had achieved in the Council of Ministers into account ...’ Source: Werner, *Itinéraires*, 1992, Volume 2, p. 65
- 7 Ibid., p.79