

UNU-CRIS Occasional Papers

0-2006/9

Benelux Revisited¹

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¹ This paper is the Executive Summary of a Seminar organized by the Luxembourg Institute for European and International Studies and Clingendael Institute of International Relations, The Hague, with the support of the Royal Netherlands Embassy in Luxembourg, at the Kochhaus, Schengen, 24-25 March, 2006. Permission for publication was kindly provided by Dr. Armand Clesse, director of the LIEIS.

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With the support of the Royal Netherlands Embassy in Luxembourg, the Luxembourg Institute for European and International Studies (LIEIS) and the Clingendael Institute of International Relations convened a seminar on "Benelux Revisited" on 24 and 25 March 2006 at the Kochhaus in Schengen, Luxembourg. The seminar was organised on the initiative of Ambassador Gertjan Storm and Councillor Peter Noordermeer and with the help of Alfred Pijpers from the Clingendael Institute, as well as Armand Clesse and Mario Hirsch from the LIEIS. Approximately 35 participants from the Benelux and neighbouring countries (as well as from small and middle-sized countries like Sweden) discussed the past achievements, the present situation and the future prospects of cooperation between Belgium, the Netherlands and Luxembourg.¹

The objective of the recent seminar on "Benelux Revisited" was to contribute to the ongoing reflections on the future of the Benelux Union Treaty. This treaty came into force in 1960 and will expire in 2010. The Luxembourg Presidency of the Benelux Treaty Organisation is currently seeking to prepare the ground for the renegotiation of the treaty. Discussions and negotiations will take place at a time when the EU is facing a perhaps unprecedented crisis of identity and direction: the Community institutions and the 25 member states are considering possible responses to the failed Constitution while also trying to adapt to a Union of 25. In this context, the ambition of the seminar was to highlight the key challenges to the Benelux Treaty Organisation and to sketch the contours of realistic alternatives to the current institutional and policy arrangement. The focus was on the lessons of the Benelux experience since 1960 and on concrete policy proposals.

In the course of four discussion sessions and on the basis of short introductory presentations and responses, the participants began their discussions by examining the past achievements and limits of the Benelux. While there was wide agreement on the historical importance of the Benelux for the three partner countries and for Europe as a whole, as well as on the economic benefits of trilateral cooperation, the participants disagreed on the (geo-) political dimension of the Benelux project and on the reasons for the failure to match the expectations of the founding fathers.

The discussions then turned to the current situation of the Benelux and the prospect of reform. The main argument was that the context of the Benelux is shaped predominantly by the European integration process and that the divergence between the three members on the future of the EU could impact on the Benelux: will growing scepticism vis-à-vis the EU in the Netherlands (and to a lesser extent in

¹ The programme and the list of participants can be found in the appendix. The meeting was held under Chatham House rules.

Luxembourg) favour or impede political consultation and coordination at the trilateral level?

Finally, the participants considered various scenarios for the future of the Benelux, including the abolition of the Treaty, the restructuring of the Treaty or the introduction of amendments. There was widespread agreement that the past and present successes warrant the continuation of the Benelux and that the best way forward is to amend the Treaty, reinforce the political dialogue and to enhance cooperation in a number of policy areas. In particular, the following policy proposals were drawn up:

- (1) at the level of political dialogue and cooperation:
 - a. increase the meetings at the ministerial and sub-ministerial level;
 - b. discuss the possibility of preparing and presenting a joint memorandum on the future of the European integration process;
 - c. in such a memorandum set out the main issues, raise the key questions and present some common views on how to take forward the EU;
 - d. via closer political coordination make use of the positive international image of the Benelux within and outside the EU.
- (2) at the economic level:
 - a. envisage closer policy cooperation in a number of key sectors such as banking;
 - b. adopt initiatives aimed at implementing the Lisbon Agenda, in particular the open coordination method (best practices rather than directives);
 - c. shape the EU agenda concerning a common economic governance within the Euro zone which promotes coordination of fiscal and wider economic policies.
- (3) at the level of concrete policy coordination and cooperation:
 - a. based on successful cooperation during the European Championship in 2000 in Belgium and the Netherlands, consolidate and extend joint policing operations in order to tackle cross-border crime;
 - b. promote policies and best practices aimed at joint R&D projects and other means of improving European competitiveness;
 - c. organise and promote exchange of young diplomats which would help foster contacts and a shared *esprit*;
 - d. set up a Benelux University Centre which focuses on interdisciplinary questions and hitherto neglected areas such as managing and coaching police force (e.g. the role of policing in democracy) and exploring geriatrics.

I. Introduction: Context and Outlook

The introductory session put the Benelux into historical and political context and sought to prepare the stage for discussions on the past, the present and the future of the trilateral treaty organisation. The origins of the Benelux can be traced back to the 1930s, in particular the rise of Nazi Germany and the direct threat which it posed to smaller neighbouring countries such as Belgium, the Netherlands and Luxembourg. In the early 1940s, the three governments in exile began discussions on the

establishment of a customs union which was created in 1949 and led to an economic union and closer political cooperation. It was this political foresight which culminated in the 1958 Benelux Union Treaty. The treaty came into force on 1 November 1960 and will expire on 31 October 2010.

The expiry of the Benelux Union Treaty in 2010 has implications for the three member states as well as the entire EU. This is because the organisation has been instrumental to the economic development and political cooperation of the Benelux countries. Likewise, the Benelux has acted as a forerunner in the European integration and enlargement process. The trilateral model of negotiation and political coordination raises questions which also concern the EU (albeit in different ways), both at the level of decision-making and at the level of regional implementation. Finally, the Benelux countries face common challenges which might offer potential for further cooperation, including energy supply, security, the environment and culture.

However, at the same time as the EU is currently going through a period of turmoil and disarray, the Benelux is at a critical juncture. Either it will follow suit and resist further integration (or perhaps even re-nationalise certain competencies) or it will reconfigure the treaty union and promote further cooperation. In so doing, it could prove to be either an obstacle for further EU-wide integration or a precursor for a new European élan. So the Benelux countries are facing the question of whether to renew the treaty and, if so, how to determine the content and devise the shared institutions and policies. The ambition of the current Luxembourg Presidency of the Benelux is to prepare the ground for the official negotiations of the Treaty by helping to draw up a list of top priority areas of potentially fruitful cooperation.

II. Taking Stock of Past Achievements

Presentation and response

The notion Benelux has three different meanings. First, the acronym was coined by a Belgian economist who preferred it to Nebelux (because it connotes *nébuleux*). The acronym Benelux has been very successful, as it undoubtedly is an international brand which is well known outside Europe. Secondly, Benelux refers to the economic union which emerged from the customs union in the 1940s and has since evolved into a framework for political cooperation. Finally, Benelux denotes a community of interests with geo-political ambition, as smaller states seek to raise their international status. Taken together, the second and the third meaning indicate the potential and the limits of the Benelux project.

Among the principal past achievements is the ratification of the Benelux Union Treaty and the creation of a number of joint institutions, including the Secretariat General and the Inter-parliamentary Consultative Council. The latter was established on 5 November 1955 and convened for the first time in 1957. This assembly is

composed of 49 members (appointed by the national parliaments): 21 from Belgium, 21 from the Netherlands and 7 from Luxembourg. It has 7 standing committees of 12 members each and meets for a period of two years, alternately in Brussels, in The Hague and in Luxembourg. The main task of the Council is to liaise with national parliaments and governments about the functioning of the customs union, cultural cooperation, foreign policy, legal unification and other areas of common interest. The Head of the Council combines the function of President and Ombudsman.

Beyond the institutional framework, there are a number of important achievements since the 1940s. First, the heavy human and material losses at the end of the Second World War (particularly in the Netherlands but also in the north of Luxembourg and north-east Belgium in 1945) changed the economic stakes and made rapid and sustained economic growth a political and social imperative. As a result, the three countries concluded a customs union which quickly evolved into an economic union. The depth and breadth of economic integration was decisive for the socio-economic development of the three member states. As small and middle-sized countries, a common customs union and eventually a common economic union enabled the three to benefit from economies of scale, efficient production and free trade. The success of economic integration was such that at the end of the 1990s, in terms of per capita income, the Benelux would have qualified as a member of the G8.

Secondly, the benefits which accrued from economic cooperation had political implications, for each country and the group as a whole. Rapid economic development and political coordination increased the political clout of the Benelux in Europe and also granted the three members a stronger international standing. For instance, Luxembourg would not have had any say in the Ruhr authority without the weight of Benelux membership. Other examples include the advantage of having common foreign tariffs in international trade negotiations. Today, political cooperation as part of the Benelux is not contested at all by national politics or the three populations.

Thirdly, the Benelux as conceived in the 1940s served as a catalyst for the creation of the Coal and Steel Community in 1950 and eventually the European Economic Community (EEC) in 1957. Ever since, the Benelux has enjoyed a special status within the EEC (and later the EC and the EU) and has played an important role in the European integration and enlargement process. For example, in the early 1970s, the Benelux customs unions grew out of the realisation that small states cannot by themselves reap the full benefits of economies of scale and free trade. The principle of market integration and common rules was instrumental in the negotiations over the European Single Act and the subsequent creation of the internal common market, especially the realisation of the four freedoms (people, goods, services and labour). The Benelux model has served as a successful formula for wider European economic and political cooperation, not least because it has also moved away from an exclusive focus on economics and trade towards coordination in areas such as security, the environment and culture.

Fourthly, not unlike the EU that grew out of the Rome Treaty, the Benelux organisation is also more than a single treaty and the institutions. It has evolved into an international 'brand' which has not only determined the economic and political evolution of its three member states but also influenced EU integration and attracted interests from countries and regions as varied as the Nordic and the Visegrad countries, Latin America, the Middle East and South-East Asia.

The Benelux is not however an unequivocal success story. Much rather, the many achievements cannot disguise the fact that the Benelux never matched the level of expectations which it raised in the 1940s and 1950s. As the Belgian Prime Minister Leo Tindemans wrote in his memoirs, the Benelux is a 'dream not come true'. Indeed, the founding fathers had envisaged more than cross-border cooperation. Their hope was that the Benelux would make national sovereignty and national interests obsolete and instead inaugurate a post-national identity and community of values.

But during the period which saw a long series of joint negotiation successes (including the Brussels Pact of 1948 and the Schuman Plan of 1950), the 'Benelux myth' was created. Soon after the establishment of the European Coal and Steel Community, the trilateral community of interest gradually gave way to *ad hoc* coalitions and abandoned systematic coordinated efforts to come to common positions. At the end of the 1960s, the previously shared geo-political vision finally disappeared.

The reasons for this evolution include a lack of political commitment and the inertia of bureaucratic institutions. Indeed, the administrative structures never fulfilled the original ambition and were in fact kept in place in order not to challenge the predominantly economic project which came to form the cornerstone of the Benelux architecture. The initial momentum was lost and the Benelux car was finally overtaken by the EEC train in the late 1960s, leading to the reorientation towards more practical cross-border cooperation.

One example which illustrates the limits of the Benelux is the Schuman Plan. While the trilateral coordination was effective on the political level, it failed to work on the economic level. All three were in favour of a council of ministers in order for smaller countries to maintain political influence. But there was disagreement on the steel industry, as Belgium supported old-fashioned production techniques, whereas Luxembourg had already invested and modernised. As a result, Luxembourg threatened at some point not to sign the Schuman Plan. This episode shows that bilateral negotiations tend to be more important than trilateral and multinational negotiation. The lesson for the Benelux was to engage in closer consultation and coordination but not to achieve unanimity at all cost.

Discussion

The discussion touched on some of the assumptions which are underlying the 'Benelux myth' and focused on the obstacles for closer cooperation. Participants disagree sharply on the nature and extent of the geo-political dimension of the Benelux. Some maintained that the changing world order in the 1940s promised to inaugurate trans-national and trans-regional alliances in Europe. Others contended that both the Belgians and the Dutch hoped for the survival of their own empires and thus viewed Europe as altogether less central to their geo-political goals. According to yet other participants, the Benelux lost the function of laboratory to the EEC and became increasingly marginal within the European integration process. In fact, the Benelux organisation almost became obsolete when European political cooperation took off in the 1970s.

Based on past experience, the following obstacles for enhanced political cooperation emerged. First, the differences in country size have always mattered, and national sovereignty continues to be cherished. Secondly, there are diverse coalitions within the Benelux and the EU, and this makes trilateral unanimity difficult. Thirdly, there are persistent differences over questions as fundamental (and varied) as subsidiarity, foreign policy and the common budget. Moreover, entrenched national interests impede common solutions, e.g. the rubber industry and agriculture. However, special dispensation for key sectors within the Benelux enabled Luxembourg's agriculture to be protected against international competition until the establishment of the CAP.

III. The Situation Today: Does Benelux Matter?

Presentation and response

The session on the present sought to highlight the main points of relevance of the Benelux today. The second objective of this session was to analyse the reasons for enhanced cooperation in some areas and little or no progress in other areas. The return of the Benelux to the political discourse in all three countries in question is ambiguous. On the one hand, it is encouraging, given the current state of the EU and popular discontent in many member states. On the other hand, it is potentially problematic because renewed interest in the Benelux could reflect a disillusionment with European integration and an attempt to settle for less ambitious targets. This ambiguity raises a series of connected questions. First, what does the recent evolution of the Benelux reveal about its potential and its limits? Secondly, how can the organisation tap into the unexplored potential for further cooperation and overcome some of the limits? Thirdly, how could the political coordination within the Benelux be deployed in order to address the current impasse of the EU?

In contrast with the 1950s and 1960s, the trilateral treaty organisation has focused since the 1990s on further political cooperation. Based on official documents and memoranda, there is sufficient evidence to show that political coordination has been

renewed and intensified with a view to formulating common positions at the EU level. One privileged means of influencing the political agenda of the EU has been the publication of joint statements and memoranda prior to the opening of intergovernmental conferences (IGCs). Such a clear political orientation of the Benelux has continued since 2000 and focused on the EU's institutional set-up (as evinced by the Benelux position during the most recent IGC in 2004).

The joint memoranda have had a decisive impact on the EU. For instance, the idea of flexible integration and the possibility of closer cooperation clauses in the Amsterdam Treaty of 1997 goes back to the Benelux memorandum which was published on the eve of the Amsterdam Summit in June of that year. More recently, in many articles of the draft Constitutional Treaty, there was strong evidence of Benelux positions. Moreover, lobbying on the part of the three countries has helped cement the place of the Community method in the proposed EU treaty.

The role of the Benelux in the creation and consolidation of cooperation among the Visegrad and Nordic countries has been significant, such that there are increasingly many demands to attend the Benelux meetings, including from Visegrad members themselves. This extraordinary interest in the Benelux model could suggest that the organisation is perceived to be more important from the outside than from the inside. The lesson for the Benelux countries and for other small and medium-sized countries is that multilateral cooperation remains crucial in order not to be marginalized in an increasingly globalised world and an enlarged (and enlarging) EU.

What are the limits of the present configuration? This question does not necessarily reflect pessimism or hostility vis-à-vis the Benelux. Instead, it follows from a concern to recognise the present and future potentiality and limits and to understand how to explore the former and overcome the latter. It is clear that the Benelux is not and will not be a mini-engine besides the Franco-German axis. For example, at the very end of the Amsterdam Summit meeting, the Dutch Presidency proposed a re-weighting of voting rights without consulting its Belgian and Luxembourg partners.

More generally, there has been a desire to strengthen bilateral negotiations on the part of all three members. None of them would like to be seen to participate in a monolithic bloc. Much rather, all three favour *ad hoc* cooperation based on shared interests (not *a priori* joint positions based on unconditional commitments). More importantly, there are vastly different attitudes vis-à-vis the future of EU integration: Belgium is more federalist whereas the Netherlands has to cope with the No vote and will have to be more prudent. Luxembourg is somewhere in the middle of these two divergent positions (and thus tends to act as a mediator in order to avoid further dissonance). The self-conception and self-understanding of countries also matters: the Netherlands sees itself as a middle-sized country which is eager to play at the same level as the bigger EU member states, whereas Belgium and Luxembourg see themselves as small countries with lesser ambitions. Finally, there is the question of personalities, especially the contacts between the leaders on all three sides: good

relations seem to have facilitated cooperation in the 1990s, but today this is not so marked.

The functioning of the Benelux raises question of who really cares about the organisation and what the stakes are. Is the driving force politics, the administration/bureaucracy, economics and trade or the academy? Interestingly, when asked about the future of the Benelux, Bernard Bot, the Dutch Foreign Minister, responded: '*The Benelux est mort, vive le Benelux!*'

Another way to approach the present situation of the Benelux is to acknowledge that there are increasingly divergent approaches between the three countries towards the future of the EU integration process and that this has an undeniable impact on the political cooperation at the trilateral level. Indeed, the Dutch No vote has modified the overall context within which the Benelux operates and the treaty renegotiation will take place. However, it is crucial to be clear about the reasons for the Dutch rejection of the proposed EU Constitution. The Dutch have always resisted moves towards a stronger political union. This was already true for the Fouchet Plan which was opposed by the Netherlands. Equally, further integration in areas of 'high politics' such as foreign and security policy and justice and home affairs (JHA) has been controversial since the Maastricht Treaty. This is why the Dutch have preferred to restrict the Community method to economic cooperation and the operation of the single market and to adopt the intergovernmental method for most other forms of cooperation.

As a result, the speech by the then German Foreign Minister Joschka Fischer in 2000 about moves from the EU to a European federation were at the time considered to be absurd because a supranational vision is based on purely abstract concepts and as such is disconnected from reality. Instead, the Dutch have always focused on 'bread-and-butter issues' revolving around the economy and trade. Therefore, the Netherlands have preferred an evolutionary approach based on the primacy of national sovereignty and rejected blueprints for a supranational state which will encompass new areas of 'high politics'. This stance foreshadowed the rejection of the Constitutional Treaty. Even though the Dutch government presented it as little more than a series of treaty reforms, preceded by a rather unnecessary but somehow insignificant Constitutional Charter, the popular mood had already turned against this project (whose main author, Valéry Giscard d'Estaing, was dubbed *le roi soleil!*).

Yet at the same time, the No was not a rejection of the integration process as a whole. European economic integration is still supported by the population, coupled with cooperation in the two pillars and further enlargement towards the East. Turkey is a different matter but was not the main motivation for rejecting the Constitution. In short, the Dutch vote was not a rebuff of European integration in itself and as such. But the governing class cannot ignore the fact that the No was a popular political democratic right and amounts to the rejection of undue European interference into

core constitutional matters: a 63% turnout and a 61% opposition cannot be argued away.

What are the next steps which will help take European integration forward and perhaps in the same process also facilitate the renegotiation of the Benelux Union Treaty? First, the reflection period has been taken very seriously, as the Dutch government set up committees and also a national convention. The Dutch Foreign Ministry is leading enquiries into popular sentiments via surveys and research projects. Among the possible options, there is, first of all, the necessity and desirability to define the limits of the EU politically, not functionally. Secondly, to enshrine into the EU treaty guarantees that certain political areas remain national (at least for the time being). Thirdly, in terms of the present (and future) of the Benelux within the framework of the EU, it is clear that the core-group idea is no longer easy to entertain because members of the core-group are divided, as France is more sceptical vis-à-vis EU integration than Germany. Moreover, there is divergence even within core of the core-group, as the Netherlands is more sceptical vis-à-vis EU integration than Belgium and Luxembourg.

Discussion

The discussion centred upon the following four questions. First, what are the implications of the failed Constitution on the Benelux? Secondly, who has ownership of the Benelux? Thirdly, what, if any, is the prospect of the three countries in question to revive the European integration process? Fourthly, which options for European integration could or should the Benelux promote?

On the first question, it was said that Luxembourg tends to share the Dutch sentiments about the EU, with the difference that the Grand Duchy does not disclose its cards and hides behind its neighbours, especially Belgium. But it is evident that the referendum was not a success: only 56% said Yes and there is evidence for a growing diffidence vis-à-vis almost everything coming from Brussels. The trust in the Commission has been eroded and the EU is no longer uncontested, as evinced by the belated transposition of directives into national laws and the failure to meet all the fiscal criteria of the EMU. By any standard Luxembourg's current stance marks an unprecedented turnaround for a traditionally pro-European country. What is worrisome for the future is that a very high share of young voters rejected the Constitution in Luxembourg, prompting the government to launch a reflection campaign called 'Forum Europe' which attempts to improve information about the EU. Similarly, a referendum in Belgium would probably not have delivered a greater share of the Yes vote than in Luxembourg (and perhaps more than the 44% who voted against). Some participants also argued that the Dutch referendum was a mistake because there is no tradition of referenda and such an exercise is unlikely to work in a period of uncertainty and at a time of discontent with the government which had taken unpopular decisions.

On the second question about ownership, it was remarked that the Benelux does not seem to be a very attractive option, not least because of the predominance of consensus. But the consensualist approach is no longer fashionable, especially in terms of foreign policy, as shown most clearly by the profound divisions over Iraq between Luxembourg and Belgium on the one hand and the Netherlands on the other hand. Was the opposition over Iraq a defining episode for the Benelux or an *accident de parcours*? The danger of such sharp disagreement is that it requires a subsequent commitment to the common cause in order to heal the rift and bridge the gulf. Who has a stake in the Benelux? Is it true that the economy could not care less about the Benelux? There appears to be some evidence for this claim: in the 1970s there were reflections to merge the Belgian and Luxembourg steel industry, but they took shape only in 2000 with the advent of Arcelor, which effectively merged what was left of the Belgian and Luxembourgish steel industry. Today the only sector which is even more closely integrated is the banking sector (e.g. Fortis and Dexia). The problem is that there might be little added value to reinforce economic integration within the Benelux in the context of the common market which already encompasses 25 countries and will enlarge in the near future to Romania and Bulgaria. Moreover, personalities are essential to the level and depth of political cooperation, and there does not currently seem to be the same affinity as there was in the 1990s.

However, the question of ownership is connected to the question of finalities. If the aim is to have an *ad hoc* cooperation which is flexible and based on occasional community of interest, then the combination of a formal treaty and formal institutions coupled with an informal approach to further integration is appropriate for the Benelux. All depends on the political ambition which determines the character and direction of Benelux cooperation.

The reticent stance in the Netherlands towards the EU does not seal the fate of the Benelux. While the lack of ownership of the European integration process is a problem because both official political and popular support are indispensable to Europe, the same is perhaps not true for the Benelux, since not many international treaties are abolished altogether and the Benelux is not an object of discontent in the way the EU might be. The current climate makes it unlikely that the scope of the Benelux Union Treaty will be much expanded but amendments will be made in order to reflect the structural change since 1960.

Moreover, it was argued that the notion of ownership risks being excessively abstract and does not correspond to the political reality: each organisation and institution faces crises, so the better question is what else the Benelux could have realistically achieved and where the EU would stand today without the Benelux. Indeed, quite a few organisations have disappeared in the process of European integration, e.g. the WEU and the European Free Trade Association. The same fate might apply to the European Treaty of Human Rights. This is because Brussels has a tendency to swallow up everything. But the Commission should not replace the Council of Europe, as it might have done under the proposed Constitution. The Benelux has

however survived and continues to muster support. Indeed, as a framework for trans-regional and sub-regional cooperation, it might become more attractive. Belgium is no longer a nation state and thus in quest for a new entity. The nation state is something of the past and Europe is moving towards a new order. Coupled with an open economy which is an imperative for small and medium-sized countries, the Benelux countries may favour cooperation at levels which are more efficient and accountable.

The advantage of the Benelux is that there are institutions in place which can deal both with current policies and with new initiatives. The Benelux already has its own structure and logic, with a constant number of people in charge. If it has value added in terms of cross-border cooperation like transport, security and other areas of priority, then the existence of the Benelux is in no way jeopardised.

On the third question about the potential of the Benelux to revive the European integration process, the participants were divided. Some argued that there is scope for a joint initiative from the Benelux countries at the end of the current period of reflection. This is because all three tend to defend the Union against the centripetal forces of Euro-scepticism and re-nationalisation. They also share common interests on issues such as voting weights, one Commissioner per member-state and the substitution of a permanent presidency for the current model of rotating presidencies.

Other participants contended that the dividing lines prevail over the points of agreement. First, the sensitive policy areas such as free trade *vs.* protectionism and the relationship with the USA do not at present unite the three members. Secondly, there is a profound divergence between Belgium and the Netherlands on the idea of 'United States of Europe'. Thirdly, the entire debate on the Constitutional Treaty exhibits a complex picture of reasons for voting No in the referendum: while some Dutch citizens thought that the Constitution went too far, others saw it as not ambitious enough. There is no majority view and it will be difficult to rally the whole country for a new initiative.

On the final question about the various options for European integration which the Benelux could or should promote, there was also disagreement. Some participants pleaded for the abandonment of any constitutional project, arguing that the notion of constitution is simply foreign to international affairs and European politics. Others objected that the first 60 articles and possibly the Charta are sufficient to reform the EU while also taking popular fears and discontent into account. Yet others rejected the idea of core groups as increasingly unpopular, both in the old and the new Europe. They also said that the Benelux is certainly not a formal core group, at best an informal core group which is – or should be – based on genuinely common interests and preferences, rather than *a priori* commitments to unanimity. There were also participants who claimed that the pause for reflection is in fact a pause of reflection, as no genuine debate is taking place. This will lead to a situation where

national governments will present their own conclusions to the European Council and alienation with the citizenry will only grow.

In conclusion, it was argued the Benelux may have a certain tradition of cooperation which is seen to have been fruitful and which is based on a multiplicity of affinities (of a historical, cultural, spiritual and perhaps religious nature). But there are now divergent interests at various levels and these differences raise a number of questions. First, how are these realms interconnected and thus impede each other? Secondly, what are the actual incentives and disincentives for further cooperation? Thirdly, are there any alternative bases for cooperation? Finally, how to tie together these analytical questions and more pragmatic policy proposals? These reflections led to the penultimate session on the future.

IV. Looking Forward: Does it Make Sense to Revitalise Benelux?

Presentation and response

The session on the prospect of the Benelux focused on the possible future shape of the Benelux as well as on the potential and limits of enhanced cooperation in a number of policy areas. First, it was argued that the Benelux consists primarily of Belgium and the Netherlands and that Luxembourg is a small actor which, in terms of political culture, is closer to Belgium and thus cannot always fulfil its role as a mediator. Secondly, there is a host of concepts which describe the links between Belgium and the Netherlands and which capture different aspects of their complex relations (Love-Hate or indifference, Wave-movement, Pragmatism *vs.* *grandes déclarations politiques*). For instance, the Dutch are seen by the Belgians as excessively principled and arrogant. In turn, the Belgians are viewed as being obsessed about compromise and too friendly to be serious partners. Some analysts like Kossmann have also spoken about 'centuries of old mutual indifference' and argued that "The memory of the shared past gives a certain accent to the relations between the modern states of Belgium and the Netherlands that does not exist in their relationship with other neighbours. It is not necessarily a feeling of solidarity or kinship, it can be aversion and irritation or deliberate indifference and it can even be enmity".

Concerning the future, it was also argued that given the structure of relations between Belgium and the Netherlands, the most likely outcome is the fragmentation of cooperation into areas of priority and areas of non-interest and indifference. One possible cost-benefit analysis is as follows. Regarding the costs, there is the question of duplication, fragmentation and lack of vision: do we still need the Benelux Treaty with its institutions when the policies and powers of the Benelux are largely taken over by EU, the main activities are limited and fragmented and the political leaders fail to recognise the benefit, and thus there is a lack of political leadership? Regarding the benefits, the argument in favour of prolonging the Benelux Treaty is that it provides a useful 'back-up', as the permanent secretariat can take up duties in

cooperation between the countries and the Benelux can be a driving force for 'enhanced cooperation'. Among the benefits are also the 'costs' of not prolonging the treaty organisation and its institutions and practices.

As for treaty reform and amendment, it was said that the existing treaty could be maintained, adapted and complemented by a protocol or a declaration which sets out the political ambition of the future Benelux Union. More practically speaking, one possible modification would be to grant the Secretariat-General a limited role in political cooperation by keeping track of certain EU dossiers and maintaining and establishing a network of decision-makers within Benelux (and perhaps outside, for example with the Visegrad countries).

Discussion

The discussion concerned some of the specificities of the current context and also highlighted possible progress in a number of policy areas. The present context is dominated by the tendency in many EU countries to draw political boundaries of the future EU and to define competencies between supranational, national and regional levels, in particular in connection with the question of subsidiarity. This has evident implications for the Benelux, as it seeks to clarify its powers and to improve the implementation of common initiatives at the trans- and supra-regional level. The renewed interest in a clear 'division of labour' between Brussels and the national capitals could favour the reflections and negotiations over the remit of the future Benelux Union Treaty.

The main area of common policy-making where substantial progress has been achieved is JHA in general and police cooperation in particular. Joint policies in this area include not only the fight against organised crime but also other areas such as traffic, public order and illegal immigration. In part, this is a result of the recently concluded and ratified treaty on joint policing and intensified cross-border cooperation. In addition, there are currently discussions about establishing a mechanism of liaising officers. Thus there is a place for Benelux cooperation, at the level of the three countries but also within the EU as an example of better relations with neighbouring countries. What is interesting about JHA and police matters in the context of the Benelux is that it constitutes a new initiative because the existing treaty does not make provisions for police cooperation. So not unlike the EU in the area of the environment, the Benelux has expanded its scope of activity by concluding joint memoranda and adopting common policies. For instance, a 1996 memorandum focused on JHA (including immigration). In 2003, the Benelux countries updated and extended cooperation in the area of security and emergency relief. June 2004 saw the signing of the above-mentioned police treaty. Further initiatives on police cooperation, including drugs, are planned.

Moreover, the Benelux can serve as a mechanism of implementation at the regional and sub-regional level of EU and internationally agreed policies, e.g. flood control of the Mosel, Meuse, Rhine, which bind together the Benelux with France, Germany and Switzerland. As environmental protection and climate policies demonstrate, the logic of addressing such problems is to combine reflections on long-term challenges with concrete immediate action on optimal policy implementation and accountability. Benelux is likely to be an important framework in this respect. It was also argued that the participation of Luxembourg facilitates a positive outcome for bilateral contacts which is traditionally more problematic, e.g. disputes between Belgium and the Netherlands over waters of the Meuse. Once again this underlines the importance of the laboratory function of the Benelux, for itself and for the EU as a whole.

However, one of the most important challenges is the fragmentation of issues. The existing treaty focuses on economic and trade cooperation. At the same time, there has been coordination and joint action in the area of JHA and police cooperation. The question is how the issues not covered by the treaty in its current configuration could be incorporated in the new treaty. For example, a declaration stating the political dimension and ambition in the new treaty could help bring fragmented issues together by pointing out the wider project which underlies concrete cooperation.

V. Concluding Remarks and Policy Proposals

Summary

The dominant question of the seminar was the future of the Benelux Treaty as negotiations get under way to determine whether to abolish, prolong and possibly amend it. There is no support for ending the Benelux Treaty Organisation, and this for basically three arguments, despite doubts about some aspects of its operation since 1960.

First, the Benelux has proved its value on a practical level, including policing, and there are likely to be substantial costs of not prolonging the present treaty, especially the signal given to the three countries in terms of the importance of trilateral contacts and cooperation.

Secondly, the very positive image which Benelux has, both within the EU and beyond (e.g. in Canada, in the Middle East and in South-East Asia).

Third, the influence of Benelux memoranda on the European integration process shows that it is an effective means of maintaining and perhaps extending the influence of three key member states on discussions and negotiations at the EU level.

So the overall recommendation is to prolong the treaty and to examine the question of the form which the future treaty will take, in particular how it will respond to some of the key challenges, including new political ambitions, the federalisation of Belgium and the Dutch stance vis-à-vis the EU.

Policy recommendations

It was argued that policy proposals should distinguish between the political dialogue and the practical level of cooperation. With respect to the first, are there good reasons to intensify cooperation in an *ad hoc* pragmatic manner within the second pillar of Benelux (i.e. political cooperation), which is not formally part of the Treaty? Regarding the second, is it possible to draw up a list of policy fields where enhanced cooperation has clear added value?

(1) at the level of political dialogue and cooperation:

- a. increase the meetings at the ministerial and sub-ministerial level;
- b. discuss the possibility of preparing and presenting a joint memorandum on the future of the European integration process;
- c. in such a memorandum set out the main issues, raise the key questions and present some common views on how to take forward the EU;
- d. via closer political coordination make use of the positive international image of the Benelux within the EU.

(2) at the economic level:

- a. envisage closer policy cooperation in a number of key sectors such as banking;
- b. adopt initiatives aimed at implementing the Lisbon Agenda, in particular the open coordination method (best practices rather than directives);
- c. shape the EU agenda concerning a common economic governance within the Euro zone which promotes coordination of fiscal and wider economic policies.

(3) at the level of concrete policy coordination and cooperation:

- a. based on successful cooperation during the European Championship in 2000 in Belgium and the Netherlands, consolidate and extend joint policing operations in order to tackle cross-border crime;
- b. promote policies and best practices aimed at joint R&D projects and other means of improving European competitiveness;
- c. organise and promote exchange of young diplomats which would help foster contacts and a shared *esprit*;
- d. set up a Benelux University Centre which focuses on interdisciplinary questions and hitherto neglected areas such as managing and coaching police force (e.g. the role of policing in democracy) and exploring geriatrics.

Possible ambitions and future challenges for the Benelux political dialogue and policy cooperation include:

- A. at the supranational, national, regional and sub-regional level: climate change, water, energy saving, bio-diversity, agriculture, viticulture and sustainable economic growth in relation to the Kyoto Protocol and EU policies; this will have an impact on economic governance, and the Benelux could once again be a laboratory of ideas and practices.
- B. shared diplomatic representations and common foreign policy and development policy; there are already initiatives and practical cooperation in this field, e.g. co-location of embassies (in Africa and Central Asia), as well as staff on detachment. The reason why there are not as yet joint ambassadors is because interests do not fully coincide, e.g. economic and commercial interests diverge.

The seminar concluded with the idea of organising follow-up meetings and future seminars with the participation of foreign ministers, political directors and parliamentarians in order to continue reflections on the future of the Benelux Treaty Organisation and its institutions and policies within the context of an enlarging EU.

*Luxembourg Institute for European and International Studies and
Clingendael Institute of International Relations, The Hague
with the support of the Royal Netherlands Embassy in Luxembourg*

Seminar

“Benelux revisited”

24 and 25 March 2006, Kochhaus, Schengen

Programme

Friday, 24 March

2:00 p.m. Welcome remarks by **Gertjan Storm**, Ambassador of the Kingdom of the Netherlands to Luxembourg, and **Camille Weis**, Ambassador, Ministry of Foreign Affairs, Luxembourg

2:30 – 4:45 p.m., **Session 1: Taking stock of past achievements**

Chairman: John Schummer, former President, Interparliamentary Consultative Council of Benelux

Introductory remarks: Jan Willem Brouwer, Research Fellow, Centre for Parliamentary History, Radboud University, Nijmegen

Discussant: Jean-Marie Majerus, Researcher, Robert Schuman Centre for European Studies and Research, Luxembourg

The different fields in which Benelux became active will be reviewed and assessed as to their pertinence regarding the challenges at stake. Particular attention should be devoted to political, economic, social, monetary, cultural aspects as well as to the freedom of movement for people, goods, services and capital.

This session should also deal with the interference between the Benelux agenda and the wider European agenda especially after the European Communities entered the stage. It should address in its conclusions the question whether or not Benelux has become to a large extent obsolete in view of the progress made by European integration at large.

4:45 – 5:00 p.m. Coffee break

5:00 – 7:00 p.m. **Session 2: The situation today. Does Benelux matter?**

Chairman: Mario Hirsch, Editor in Chief, d’Lëtzebuenger Land

Introductory remarks: Danielle Bossaert, former Senior Lecturer, EIPA, Maastricht

Discussant: Alfred Pijpers, Senior Research Fellow, European Studies Programme, Clingendael Institute

What is left of the political and economic dimensions of the Benelux cooperation?

What is the relevance of this for the three countries involved? Who cares about Benelux today?

How do the three governments and the political class in the three countries view Benelux? Is the political cooperation still working as it used to? What about a shared awareness of common interests? To what extent do the increasingly divergent approaches between the three countries towards the integration process affect their ability to cooperate at the political level? What impact have the institutional reforms in Belgium had on Benelux cooperation? How have the divergent foreign policy options of the three countries in the recent past affected their ability and their willingness to cooperate?

What perception do their citizens have? How relevant are cultural cleavages within and between the Benelux countries? How do other stakeholders (industry, services, commerce, academia, and the media) view Benelux today?

Saturday, 25 March

9:00 – 11:00 a.m. Session 3: Looking forward: Does it make sense to revitalize Benelux?

Chairman: Alfred van Staden, Professor for International Law and International Relations, Leiden University

Introductory remarks: Irene Janssen, Researcher, Cabinet Stewart, European Affairs, Brussels

Discussant: Mario Hirsch, Editor in Chief, d’Lëtzebuenger Land

This session will deal with what it would take to upgrade or revamp the Benelux cooperation in order to revive an established tradition that is seen by many as exemplary. Comparisons should be drawn in this respect with other forms of regional cooperation within the framework of the European Union. The questions to be addressed during this session will deal with the likely future architecture of the European project (reinforced cooperation, multi-speed approach, go-it-alone of some countries or groups of countries and the like).

Inevitably, the question has to be asked whether or not the conditions and the readiness are still given among the participant countries for Benelux to live up to the requirements of an avant-garde regrouping. Is anybody ready to take care of Benelux with such an ambitious perspective in mind? Does a re-foundation, a rekindling of the Benelux cooperation make sense today and in the years to come? What areas would appear to be particularly promising for a fruitful cooperation along new lines? What are the conditions for successful coalition building within the EU of today and

of tomorrow? What common ground is there left to upgrade the Benelux cooperation in a meaningful way?

11:00 – 11:15 a.m. Coffee break

11:15 – 12:30 a.m. Session 4: Concluding remarks and policy proposals

Chairmen: Armand Clesse, Director, Luxembourg Institute for European and International Studies / **Jan Rood**, Director, Clingendael European Studies Programme

Seminar

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