Nico Groenendijk

CLUBS WITHIN CLUBS: THE COUNCIL OF THE BALTIC SEA STATES (CBSS) AND THE BENELUX AS MACRO-REGIONS WITHIN THE EU

Abstract
This paper deals with two examples of macro-regions in the EU: the Benelux and the Council of the Baltic Sea States (CBSS). Building on the distinction between “old” and “new” regionalism, it discusses some characteristics of regions in general, and of sub-integration schemes within the EU in particular. These characteristics are applied to the two regions at hand. From this application it follows that the CBSS can be regarded as a “new” region, whereas the Benelux is an “old” region with some elements from new regionalism.
The paper subsequently discusses some explanations for the emergence of macro-regions in the EU as well as the implications of this phenomenon for research on European integration.

Keywords: flexible integration, macro-regions, European integration theory, Benelux, CBSS

1. Introduction

As argued elsewhere (Groenendijk 2007, 2011), contrary to common belief, EU member states have always and substantially been involved in alternative integration schemes, outside the EU, as well as in differentiated integration, within the EU. The classic community method of uniform integration throughout the EU is increasingly becoming a myth, as –within the enlarged EU- member states get more and more engaged in flexible integration schemes which do not involve all 27 member states and/or involve nation states from outside the EU.

This paper deals with the implications of this development for the EU as such as well as for European integration theory. It focuses on two cases of regional integration (or: macro-regions) within the EU: the Council of the Baltic Sea States (CBSS) and the Benelux. While the Benelux is the oldest of the two (dating from 1948 and thus...
preceding the European Communities), the CBSS is larger and involves non-EU partners.

This paper is structured as follows. First, when comparing macro-regions in the EU, it is important to have some models or archetypes at hand. In section 2 two types of models are discussed. First, we use some insights from the literature on regionalism, especially the distinction that has been made between “old” and “new” regionalism. Secondly, we will use some literature on differentiated integration within the EU. Consequently, in section 3, we will apply these frameworks to the two EU macro-regions at hand (Benelux and CBSS). In section 4 some implications of the existence and increasing importance of macro-regions in the EU for European integration theory will be dealt with. Section 5 concludes.

2. Regionalism(s) and differentiated integration

The Benelux is a relatively old region (as a customs union dating from 1948, but established during the Second World War). It has been a macro-region within the EU ever since the European Communities started. The CBSS is relatively young (officially founded in 1992). In all likelihood this difference in genesis will have an impact on the characteristics of the Benelux and CBSS. Wallis (2000/2009) has contrasted “old” regionalism (which according to him has been the dominant school of thought of practice in regionalisation from the 1880s to the 1980s) and “new” regionalism by looking at six characteristics. In Table 1, these characteristics are listed and briefly discussed (following but different from Wallis, 2000/2009 and Williams, 2005).

<table>
<thead>
<tr>
<th>“Old” regionalism</th>
<th>“New” regionalism</th>
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<tr>
<td>Government: top-down establishment of new layers in the hierarchy of governments, with nation states as main actors</td>
<td>Governance: bottom-up, goals-oriented, networks-based, with involvement and shared responsibility of various public and private actors</td>
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<td>Structure-oriented: focus on formation of new regional structures (public entities), procedures as the pathway through these structures</td>
<td>Process-oriented: process is central to creating vision, resolving conflict and building consensus.</td>
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<td>Closedness: focus on defining boundaries and jurisdictions. Delimitation and membership are crucial to the definition of the region</td>
<td>Openness: boundaries are open, fuzzy or elastic. The region is defined by the issues at hand</td>
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<tr>
<td>Coordination: hierarchical redistribution of resources through governments</td>
<td>Collaboration/cooperation: voluntary agreements among equals</td>
</tr>
<tr>
<td>Accountability &amp; responsibility: fixed responsibilities and little flexibility</td>
<td>Trust: as a binding element among regional interests. Responsibilities are flexibly shared</td>
</tr>
<tr>
<td>Concentration of power: sovereignty of the state</td>
<td>Diffusion of power, aimed at empowerment of actors</td>
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As Wallis does, it is important to stress that the new regionalism is not necessarily superior to old regionalism. The old regionalism continues to offer important solutions to significant problems. Rather, the new regionalism is most centrally a response to
a new set of problems that the old regionalism was either not aware of, or was not designed to address.

Although Wallis’ typology is primarily meant for application to regions within (federal or unitary) states, the typology of “old” versus “new” regions can be applied to the EU as a whole (i.e. as a region on a global scale). It is clear that the EU itself is a product of “old” regionalism.

When discussing macro-regions in the EU and more generally the issue of flexible integration, we also have to consider the relation between the larger integration on the one hand and the macro-regional integration on the other hand. The yardstick here is *uniform integration* (or: monolithic integration) as the default mode of EU integration: integration that is uniform in time and matter for all members of the integration scheme. According to Groenendijk (2007, 2011), partly based on Su (2005), *sub-integration* refers to an instance of integration that takes place among some but not all members of an already existing (larger) integration, and it can take different shapes. The first distinctive feature is whether sub-integration takes place within the EU institutional framework or not. The second feature refers to the policies that are involved. Sub-integration can deal with policies that are within or outside of the EU policy domain (as marked out by the relevant EU Treaties). If sub-integration uses another institutional framework than the EU framework it can either be labelled new integration or alternative integration. *New integration* refers to sub-integration outside the EU institutional framework dealing with policy areas that are not part of the EU policy domain. Sub-integration outside the EU institutional framework, concerned with policy areas that are within the EU domain, is called *alternative integration*. In both cases it is possible to cooperate either among EU Member States only or with outsiders as well (third countries).

If sub-integration occurs within the EU institutional framework, there are again two possibilities. One may call *odd integration* sub-integration that employs EU institutions but deals with policies outside the EU domain. The term *differentiated integration* is used to denote sub-integration taking place both within the institutional framework and within the policy domain of the EU. Formally such differentiated integration is made possible within the EU through the mechanism of enhanced cooperation. Differentiated integration has been discussed in the literature under a large number of different terms (core Europe, vanguard groups, multi-speed Europe, *afgestufter Integration*, concentric circles, variable geometry et cetera; see for a detailed discussion of these concepts Groenendijk 2007, 2011). Table 2 lists the various forms of sub-integration.

**Table 2. Types of sub-integration**

<table>
<thead>
<tr>
<th>Differentiated integration</th>
<th>Within the EU framework, dealing with policies within the EU domain</th>
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<tbody>
<tr>
<td>Odd integration</td>
<td>Within the EU framework, dealing with policies outside of the EU domain</td>
</tr>
<tr>
<td>Alternative integration</td>
<td>Outside the EU framework, dealing with policies within the EU domain</td>
</tr>
<tr>
<td>New integration</td>
<td>Outside the EU framework, dealing with policies outside of the EU domain</td>
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3. Macro-regions within the EU: Benelux and CBSS

3.1 A brief overview of the Benelux Union

Origins

The so-called Low Countries are the historical lands around the low-lying delta of the Rhine, Scheldt, and Meuse rivers, and include the modern countries of Belgium, the Netherlands, Luxembourg and parts of Northern France and Western Germany. The term originates from the Late Middle Ages. For centuries, the Low Countries have been united, separated and re-united. As from 1430 the Low Countries were under the rule of the Dukes of Burgundy, followed by Habsburg rule. In 1512 Charles V established the so-called Burgundian Circle as one of the imperial circles of the Holy Roman Empire. In 1549 (after the Diet of Augsburg of 1548) he declared the 17 provinces of the Circle inseparable. Nevertheless, 30 years later, in 1579, separation did take place, as the seven protestant northern provinces, during the Eighty Years’ War, formed the Union of Utrecht, with the ten catholic southern provinces remaining under Spanish rule. This situation, which lasted for more than two centuries (i.e. the Republic of the United Netherlands, later called the Batavian Republic), ended with the accession, in 1806, of Louis Bonaparte (Napoleon’s brother) to the throne of the newly established “puppet” Kingdom of Holland, placing all the Low Countries under French rule. After Napoleon was driven out of the Low Countries in 1813 (followed by his defeat at Waterloo in 1815), William VI of Orange (aka William I of the Netherlands) became king of the Dutch and Belgian Netherlands (the latter having been under Spanish, Austrian and French rule consecutively) and became Grand Duke of Luxembourg. This reunification lasted for only 15 years as Belgium separated itself from the Kingdom in 1830, with Luxembourg temporarily being brought under Belgian rule, until it also became fully independent in 1839.

In the second part of the 19th century and the first decades of the 20th century the three independent nation states flourished economically, through increased trade, the development of a strong agricultural sector and the establishment of new manufacturing industries. Relations between the states normalized rapidly. In 1846 a treaty on trade was conducted between the three states. After Luxembourg, for political reasons, retreated from the German Zollverein (in 1919), a treaty was conducted in 1921, which laid the foundations for an economic union, i.e. a common Benelux market. Economic decline in the interbellum led to an initial delay in the implementation of these plans, but the 1932 Treaty of Ouchy provided for a decrease in import duties and abolished protectionist measures. A number of treaties conducted in 1943 and 1944 led to the birth of the Benelux customs union, on January 1, 1948, which eventually was to progress into a full-fledged internal market. On November 1, 1960, the –consolidated- Treaty on Benelux Economic Union (BEU, conducted in 1958) came into force, effectively creating such a common market. In June 2008 the Treaty was renewed.
Policy domains

The main policy area that the Benelux has been involved in is market integration (including integration in the field of intellectual property rights). This is still the core of the Benelux activities, even though these activities have largely been become part of the mainstream common market policies of the EU. In addition the Benelux has been involved in specific issues of cross-border cooperation.

Recently, with the renewal of the Benelux treaty, the Benelux has identified a couple of new policy areas it has or will be engaged in: innovation, sustainable development and justice and home affairs.

Institutional set-up

The Benelux is an intergovernmental organization. Decisions are taken unanimously. They only become legally valid after they have been incorporated into national legislation.

The Committee of Ministers is the main decision-making body of the Benelux and is made up of the ministers of the three countries. The Committee has a different composition depending on the issues at hand, and has a rotating presidency. In EU terms the Committee is the Council of Ministers. The Benelux Council consists of high-level civil servants of the three member states. It is in charge of preparation of Committee decisions (in EU terms: Coreper). The Secretariat-General is in charge of implementation of decisions and resembles the EU Commission. The Benelux parliament is not chosen directly, but is made up of national parliamentarians. In that sense it resembles the “old” European Parliament, before EP became a directly elected body in 1977. As with the EU the Benelux also has a court, similar inset-up to the EU Court of Justice.

Competencies & budget

The legal instruments of the Benelux again are very similar to the EU: regulations, directives and recommendations can be issued by the Committee of Ministers.

The Benelux budget is set for a period of five years. This multi-annual budget is funded by the member states based on their national income. Within this multi-annual framework the Committee of Ministers sets annual budgets.

3.2 A brief overview of the Council of the Baltic Sea States (CBSS)

Origins

As with the Low Countries, the countries of the Baltic Sea rim have a complicated history of political unions, separations and conflicts. Roughly, according to Tassinari (2004), the Baltic Sea region comprises the German Länder of Schleswig-Holstein, Hamburg and Mecklenburg-Vorpommern, Northern Poland, Lithuania, Latvia, Estonia, the Leningrad and Kaliningrad oblasti (regions) and the St. Petersburg Municipality, Finland, Sweden and Denmark.
The CBSS was officially founded in 1992, but as Tassinari (2004) and Williams (2005) argue, the region-building period started already in 1988, as the initial ideas of region-building in the Baltic Sea region arose parallel to the main changes that took place in the late 1980s in Europe in general and the specific geopolitical changes in the Baltic states. During this period of region-building references were made to various earlier regional cooperation schemes in this area, including the Hansa cooperation, which stretched from the 14th to the 16th century.

Policy domains

The CBSS deals with five policy domains/priorities: environment/sustainable development, economic development, energy, education and culture, civil security and the human dimension.

Institutional set-up

The CBSS is an overall political forum for regional inter-governmental cooperation. The Members of the Council are the eleven states of the Baltic Sea Region (Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia, Sweden) as well as the European Commission. The Council consists of the Ministers for Foreign Affairs from each Member State and a member of the European Commission. The Presidency of the Council rotates among the Member States on an annual basis. The role of the Council is to serve as a forum for guidance and overall coordination among the participating states. The foreign minister of the presiding country is responsible for coordinating the Council’s activities and is assisted in this work by the Committee of Senior Officials (CSO). The Committee of Senior Officials (CSO) consists of high-ranking representatives of the Ministries of Foreign Affairs of the Member States as well as of the European Commission. The CSO serves as the main discussion forum and decision-making body for matters related to the work of the Council between Ministerial Sessions. The CSO monitors, facilitates and aims to coordinate the work of all CBSS structures. The Permanent International Secretariat of the CBSS, which was established in 1998, services the CSO and its Expert Groups. The mandate of the Secretariat is to provide technical and organisational support to the Chairman of the CBSS and the structures and working bodies of the Council; to ensure continuity and enhanced coordination of CBSS activities; to implement the CBSS Information and Communication Strategy; to maintain the CBSS archives and information database; to maintain contacts with other organisations operating in and around the Baltic Sea region, the national authorities of Member States and the media.

Competencies & budget

As the CBSS focuses on specific cooperation projects, it does not require specific legislative competencies. It does not have a general budget or project fund. Members are responsible for funding common activities and/or for seeking and coordinating
financing from other sources. Since 1998, the CBSS Member States have financed jointly the Permanent International Secretariat of the CBSS.

3.3 Benelux and CBSS: application of the analytical framework

When applying the characteristics of old and new regionalism, it is clear that the Benelux is very much an “old” region whereas the CBSS is a “new” one.

The Benelux is an intergovernmental organization in which the nation states dominate. Although private actors may be involved in specific policy areas, the Benelux is governmental in nature. It is perfectly embedded, like a Russian doll, in the layer structure of the EU and its member states. The Benelux is also clearly oriented towards structures, given the close attention that is paid to the institutional set-up (which served as a role model for and is very much similar to the set-up of the European communities). The Benelux is also a closed entity with a clear geographical delimitation of membership. It uses hierarchical coordination, through its own legislative order (once again: perfectly embedded in the EU and national orders) to promote its main objective of a common market. Responsibilities and accountability are well defined and linked up to its institutional structure (which includes a parliament and a conflict-settling court). It has a general budget and power is clearly concentrated with the Committee of Ministers in which the nation states rule (unanimously).

However, recently, as part of its re-focus within the framework of the treaty renewal (a rebirth, according to some), the Benelux has incorporated some features of a “new” region. It has recently engaged in cooperation with the German Land of Nordrhein-Westfalen (see Andringa, 2010, for a detailed discussion). It has moved away from its single focus on market integration through harmonization of legislation and is more oriented towards cooperation through projects in the policy fields it has newly embraced. Within its member states the institutional set-up (especially the role of the Benelux parliament) is increasingly discussed.

By contrast the CBSS is about governance rather than governments. The CBSS has developed bottom-up and it heavily involves private actors and non-state actors as the European Commission. It is process and result oriented. Its boundaries are fuzzy and membership is open, as the inclusion of Norway and Iceland, as well as the large group of observer states, demonstrates. Mutual cooperation through projects is central to the activities of the CBSS, with the institutional set-up (responsibilities, division of tasks) varying greatly across these projects and policy areas. Power is diffused.

It should be pointed out, however, that the CBSS is a result of a political process in which ideas from “old” regionalism did play a part. As Williams (2005) shows, the initial ideas of Schleswig-Holstein’s Prime Minister Engholm for a truly non-governmental Baltic Sea Forum or New Hanse, supported by Sweden’s minister (and later ambassador to Germany) Hellström, were slightly weakened by interventions from the German Foreign Minister Genscher and his Danish counterpart Elleman-Jensen, who insisted on a significant role for the nation states in the CBSS.
Turning to the second part of our analytical framework, the Benelux cooperation seems to be a mix of alternative and differentiated integration. On the one hand, it is dealing with issues that are clearly within the EU policy domain, but through a separate institutional framework. On the other hand, one could argue that, because of the similarities in institutional structure between the EU and the Benelux, the Benelux is an example of differentiated integration within the larger EU framework, as it is perfectly embedded in the larger structure.

The CBSS is harder to pin down in terms of type of integration. It has elements of new integration, alternative integration and differentiated integration combined. Still, basically the CBSS is an alternation scheme. Even though most of its member states are member states of the EU, the CBSS itself is not fully part of the EU institutional framework (as the “member” role of the European Commission clearly shows). Furthermore, it deals with policy issues that are also –partly- covered by the EU.

4. Regionalism, flexible integration and EU integration theory

Within the EU we have witnessed the relatively recent emergence of several other macro-regions (as exponents of alternative and/or differentiated integration), not just the CBSS. Similar constructs can be seen in the Danube Region, the North Sea-English Channel region, the Visegrad cooperation, the Black Sea cooperation and the Union for the Mediterranean, just to name a few cooperation schemes (which admittedly vary considerably in nature). From a different perspective, we can also witness the emergence of the use of the formal EU differentiated integration mechanism, enhanced cooperation, in the field of divorce law and in the field of patents. These cooperation schemes are probably just the proverbial tip of the iceberg, as enhanced cooperation schemes are now discussed in several other policy fields as well.

The question, to which we now turn, is how we can explain the emergence and existence of macro-regions and differentiated integration within the EU. Standard EU integration theory has three types of arguments available: functionalist arguments, liberal-intergovernmentalist arguments and constructivist arguments.

As far as the Benelux is concerned, its emergence, in the 1940s, can be explained by a mix of all these arguments (as can the emergence of the European Communities). The Benelux was constructed (by the governments of the Netherlands, Belgium and Luxembourg, in exile in London during the Second World War) as a common project, with the three nation states conclusively at the helm, to reap economic benefits from free trade. Its continued existence (even through periods in which voices were raised to abolish the Benelux) can however hardly be explained by constructivist arguments. There is no clear Benelux identity (and one can nowadays even doubt the existence of a common identity in one of its member states, Belgium). Functional ‘spillovers’ however have played a part (as in the wider field of European integration) in deepening the Benelux common market and in its recent involvement in sustainable
development and justice and home affairs. Finally, the role of the Benelux states in the intergovernmental bargaining scheme, especially within the enlarged EU-27, in terms of increased relative bargaining power through cooperation, has presumably played an important part in the continued existence of the Benelux.

Tassinari (2004) shows the emergence of the CBSS can readily be understood from a constructivist perspective. Liberal-intergovernmentalist arguments referring to in-EU bargaining power presumably are not that important to the CBSS, but, as Williams (2005) shows, the CBSS has been important to regions within CBSS member states, especially to the German Länder involved, in the German federal power play, in which the Northern Länder have to compete with the southern Länder, especially Bayern. Given the policy issues the CBSS addresses and its composition (involving non-EU partners) functional arguments are probably important as well for explaining its emergence and role.

Still, these standard explanations for regional cooperation are far from satisfying as they do not deal with the fact that these macro-regions are not stand-alone entities but are somehow alternative to the larger European integration scheme. The explanation thus—at least partly—has to be found in deficiencies of that larger scheme. As Fratianni (2003) and Su (2005) have argued the need for flexibility has arisen due to the enlargement of the EU. In the 1990s and the early 2000s the EU has pursued a double-track policy with two objectives, enlargement and deepening, which have increasingly have become in conflict with each other. Given large and heterogeneous membership, deep integration in certain policy fields and/or geographic areas is attractive (in terms of costs and benefits) only to a limited number of member states. This argument does not necessarily hold for the core of European integration, the common market, but it is highly relevant to all other policy fields, including the monetary union. By necessity and by nature, flexible integration follows an ad hoc approach, which is process and result oriented rather than about building new institutions. In that sense, flexible integration and “new” regionalism fit together quite well.

5. Conclusions

What does this mean for European integration theory and for the larger field of European studies? First, we should broaden our focus when studying the European integration process, by not looking at the single EU integration scheme only, but rather at the multitude of integration schemes within Europe. Secondly, rather than constantly keeping explaining ongoing EU integration by focusing on its merits (in functional, constructivist of liberal-intergovernmental terms), the demerits of EU integration (in terms of failing institutions, policies and governance) should be addressed more adequately. Finally, comparative research into alternative and differentiated integration schemes should be intensified.
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