

Is more **BENELUX** cooperation the future for the low countries ?

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ABSTRACT

The article examines the possibility of greater cooperation within the Benelux structure. What might the opportunities and consequences of maximizing the synergies of cooperation between Belgium, Luxembourg and the Netherlands be ? In particular the article examines closer Benelux cooperation between the numerous European and international institutions. In addition the possibility of a single Benelux diplomatic service and a joint army is discussed. Finally the future position of the Benelux institutions are the topic of this study. Seeing the present problems with the working of the European Union, more integration of the three Benelux countries can be a solution in a divided Europe. Can more Benelux integration gives an upgrade of political power for the low countries ?

Keywords: Benelux, European integration.

Introduction

In the case of this three countries there is already an institution concerning the integration. The intention of this study is to calculate the possibilities for more Benelux integration. Indeed , if the EU integration has no possibilities anymore and knows a present standstill and knowing the fact that this three countries are surrounded by greater European states (Germany, France and the UK on the other side of the North sea); a new attempt for more Benelux cooperation and integration is the only possibility for the lower countries. Also this three countries have already a history of integration and are comparable on the level of welfare. Therefore the most important European- and international institutions are taken. This study is mostly based on budget figures from the treated institutions. There is no other study known, which already calculated the political value of a Benelux integration concerning this institutions. In most of the cases in this study the Benelux figures are comparing with the greater EU member states.

1. History

On 5 September 1944 Belgium, Luxembourg and the Netherlands reached agreement in London about a customs union between the three countries.

In reality this was an agreement between the Netherlands and the “Belgian-Luxembourg Economic Union” (BLEU). The agreement between Belgium and Luxembourg dates from July 1921 and established a customs and currency union between the two countries. This BLEU convention was agreed for a period of 50 years and was renewed for periods of ten years in 1972, 1982 and 1992. In 2002 the two countries joined the ‘Euro’ monetary zone.

The war and the delay in liberating the Netherlands meant that the customs union only came into effect on 1 January 1948. As a result the levying of import duties on commerce between the three countries came to an end and that a joint external tariff was imposed on trade with third party countries. (Benelux, 1994).

On 3 February 1958 the three countries signed a new treaty entailing the establishment of an economic Union. This treaty came into effect on 1 November 1960.

With the treaty the three countries agreed to allow the free trade of services, goods, capital and persons among themselves.

This Benelux treaty came into effect in 1960 for a period of 50 years and came to an end in 2010. For this reason Belgium, Luxembourg and the Netherlands signed a new treaty in The Hague on 17 June 2008 establishing the “Benelux Union”. The new treaty runs indefinitely and is no longer limited to economic affairs.

An inter parliamentary Council was established by a treaty signed on 5 November 1955, which came into effect on 7 September 1959. This treaty was replaced by a new treaty on 20 January 2015, which gives this Parliament new powers. For example the Parliament now has a right of interpellation, although it remains an advisory body. The Parliament is composed of 49 elected members from the three Parliaments of the member states. Account is taken of the federal structure of the Belgian state. Indeed these 49 Benelux MP members are divided over the Netherlands with 21 delegates (9 from the ‘Eerste Kamer’ : the Dutch Senate and 12 from the ‘Tweede Kamer’: the Dutch Lower House) ; Belgium with 21 delegates (10 from the ‘ Kamer van Volksvertegenwoordigers’ : the Belgian House of representatives, 5 from the ‘ Vlaams Parlement’ : Flemish Parliament, 2 from the ‘ Parlement Wallon: Walloon Parliament, 2 from the ‘Parlement federation Wallonie-Bruxelles’: Parliament Wallonia-Brussels federation, 1 member from the ‘ Brussel Parlement – Parlement Bruxellois’: Parliament of the Brussels region, 1 member from the ‘ Parlement Deutsche Gemeinschaft’: German speaking community) and seven members of the Luxembourg ‘ Chambre des deutes). Knowing that six of the ten Belgian members are dutch speaking and the five Flemish members with the 21 MP’s coming from the Netherlands gives a total of 32 dutch speaking members in this Benelux Parliament. The Benelux Parliament meets diversified in the Belgian and Dutch Senate.

2. The Traditional Parameters

We shall start by giving a brief description of the Benelux in terms of the traditional parameters such as total area, population, and a few common economic indicators. These figures will then be compared with the relevant figures for the European Union (EU).

The land area of the EU comes to 4,482,000 km². Of the Benelux countries the Netherlands are the largest with an area of 41,500 km², followed by Belgium (30,500 km²) and the much smaller Luxembourg (2,600 km²). All together this gives 74,600 km² for the Benelux or 1.7 % of the entire area of the European Union. The combined Benelux states still remain a small area, particularly when compared with the member states with the largest areas, namely France (14.6 %), Spain (11.3 %), Sweden (10 %), Germany (8 %) and Finland (7.5 %).

The 1.7% of the total surface area of the EU occupied by the Benelux (The Netherlands 0.9 %, Belgium 0.7 % and Luxembourg 0.1 %) makes it the 16th largest in geographical terms, lying between the Czech Republic (1.8 %) and Ireland (1.6 %).

On their own though the Benelux countries come even further down the rankings. Indeed after the Netherlands (0.9 %) comes only Belgium (0.7 %) Slovenia (0.5 %), Cyprus, Luxembourg and Malta.

The geographical reality thus shows us that the purely territorial benefits of the Benelux are fairly limited. On the other hand the area occupies, in economic terms, a prime site on the North Sea coast. This is illustrated by the importance of the ports in the area (Amsterdam, Antwerp, Rotterdam and Zeebrugge). The location of these ports are a major source of employment and make them a vital link in the route to the German “hinterland”.

Secondly, what’s the position population of the Benelux compared to the total population of the EU?

The population of the EU is roughly 510 million (Eurostat estimate, 1 January 2016). Belgium has a population of 11.3 million (2.21 % of the EU total), the Netherlands have 16.9 million (3.31 %) and Luxembourg has 576 thousand inhabitants (0.11 %). Counted together this means that the total Benelux population is 28.8 million or 5.64 % of the EU total. Here we may note that the Benelux with the exception of Malta (with 1305 residents per km²) is the most densely populated part of the EU (with 375 inhabitants per km²), ahead of the United Kingdom (251/km²), whereas the EU average is significantly lower (116/km²).

Several EU countries have larger populations than the Benelux, namely Germany (82.1 million), France (66.6), the United Kingdom (64.3), Italy (60.7), Spain (46.4) and Poland (38.5). Counted in this way the Benelux occupies 7th place in the population rankings, but if the Benelux states are counted individually, Romania comes in higher (19.7 million) than the Netherlands. All the other member states come after Belgium, which comes in ninth after the Netherlands which is eighth. Aggregating the populations moves the Benelux up one place, although we should not forget that this is a population of 28.8 million prosperous citizens.

In political terms, however, speaking on behalf of 28 instead of 17 or 11 million people does make a difference.

Thirdly, the GDP (Gross Domestic Product) is a useful indicator of national prosperity and more particularly the economic output of a country. In 2015 the combined GDP of the Union could be estimated at 14.635 billion euros (Eurostat estimate figures) with member countries contributing as follows.

TABLE: I GDP Benelux states in European perspective

Germany (3.032 billion),
United Kingdom (2.575 billion),
France (2.181 billion),
Italy (1.636 billion),
Spain (1.081 billion),
the Netherlands (676 billion),
Sweden (444 billion),
Poland (427 billion),
Belgium (409 trillion).

The Grand Duchy of Luxembourg comes much further down the rankings with a GDP of only 52 billion euro. Although per capital this tiny Benelux country comes out top (see below)!

Belgium and the Netherland currently occupy ninth and sixth place respectively in the GDP list. The large GDP of Sweden is striking, as is the fact that of the countries that joined the EU in the most recent round of expansion (after 1995) only one – Poland - has risen in the rankings.

Another element is that the UK economy is bigger than that of France, although the German economy, which contributes 20 % of the GDP of the EU continues to be far and away the biggest.

When we count the GDPs of the three Benelux countries together, we arrive at a total of € 1.137 billion or a share of 7,44% in the EU's GDP. This puts the Benelux ahead of Spain and makes it the fifth largest economy in terms of GDP.

Indeed, individually neither Belgium nor the Netherlands are likely to break the 1.000 billion euro barrier in the coming decades.

Nor can it be ruled out that in view of the greater economic efficiency of the Benelux, its GDP could exceed that of a faltering Italy.

When prosperity is linked to per capita GDP (PPS/KKE figures of Eurostat), all three Benelux countries come out above the EU average (100):

TABLE: II PROSPERITY

- Luxembourg:	271
- the Netherlands:	129
- Belgium:	117

Source: Eurostat

This table clearly illustrates the prosperous position of the Benelux within the EU and in particular the remarkable prosperity of the Grand Duchy. The EU member states with a greater GDP per capita than Belgium , in 2015, are: Austria (127),Denmark (124),Germany (125) , Ireland (145) ,Sweden (123) and of course Luxembourg and Holland.

Furthermore the Benelux can also show that it is major economic player, as can be seen from the third table.

TABLE: III GOODS TRANSPORT IN 2014 AS A SHARE OF THE EU TOTAL

- Roads:	6.7 %
- Rail:	3.1 %
- Inland navigation:	38.5 %
- Shipping:	25.7 %
- Aviation	23.6 %

Source: Benelux (key figures and trends, secretary general Benelux 2014)

This table shows that the Benelux accounts for a very large share of the EU's maritime and airborne goods transport operations, and statistical proof of the importance of the sea ports and airports of Belgium and the Netherlands.

The above analysis of the traditional parameters makes it clear that the Benelux is economically a very important area within the EU, relatively restricted in size but occupying a strategic position. In population terms the Benelux is no match for the larger EU countries, but the region as a whole can be regarded as extremely prosperous.

3. The EU budget

When we examine the contribution that the Benelux countries make to the financing of the budget of the European Union, we may make the following observations.

Like other states Belgium, Luxembourg and the Netherlands must pay contributions to the budget in accordance with the Own Resources Decision. Council decisions 2007/346 and 2014/335)

Since the new 2014 decision the EU member states must pay 80 % of the TOR (Traditional Own Resources) they collect, a part of their VAT receipts and levy on their own GNI.

The T.O.R. relate to the levy on the sugar industry and more importantly to customs duties. The latter account for 99% of the total T.O.R. revenues of the EU budget.

The Benelux countries are paying in the 2016 budget a total of 4 billion € of TOR. (Belgium : € 1,7 billion euros, Luxembourg: € 15 million and the Netherlands € 2,2 billion). This means that the Benelux accounts for 21.5 % of all taxation on imports from third countries outside the Union. Once again this demonstrates the importance of the ports mentioned above and the cargo-handling airports (Schiphol, Zaventem and others) to the EU economy. In consequence the Benelux is the largest contributor of customs duties to the EU budget, contributing even more than the Federal Republic. (2016: 3,6 billion euro)

Concerning the global contributions (EU budget 2016): TOR, the VAT and the GNI, the three countries pay 13,8 billion euro or 9,7% of the total invoice.(Belgium: 5,5 billion euro, Luxembourg: 311 million, Holland: 7,9 billion euros).

TABLE: IV Benelux and EU budget contributions 2016 (in billions of euro)

Germany:	30,1
France:	21,8
UK:	19,8
Italy:	15,9
Benelux:	13,8
Spain:	11,2

The global Benelux contribution to the EU budget is more than Spain (11,2 billion) and comes around the Italian figures.

The importance of the Benelux in the EU context is well illustrated by the meetings of government leaders at EU summits. The Benelux is well represented at the top of the current crop of senior EU appointments, with the President of the Commission being from Luxembourg and the President of the Eurogroup from the Netherlands. One Vice-President of the Commission is a Dutchman, and another EU Commissioner is a Belgian. A concerted Benelux policy could most certainly deliver considerable political power in the EU. Nor should we forget that in the future there is a possibility that not every country will have a member in the Commission. Such a development would be an added incentive for the three countries to work more closely together in order to defend their interests. Their prosperity means that the three countries are far from the largest recipients of financial support from the EU's Structural Funds. However joint political action could help to win EU resources for border-crossing projects within the Benelux, and similar.

4. Europe

Apart from the EU budget there are a number of other European institutions that manage significant resources. What possibilities are there for developing a joint Benelux policy for ESA, the BIB, EIB and the ERBD?

4.1. ESA

Since 1975 the ESA (European Space Agency) has worked to direct policy on civil space flight. With an annual budget of € 5,2 billion . (ESA budget 2016) During several years Belgium is (189 million euro) is the largest Benelux player, followed by the Netherlands (103 million) and Luxembourg (22 million). Jointly this represents a Benelux share of 314 million or 6.1 % in ESA budget of 5.2 billion . This is important for the development of a domestic space flight industry because the industrial “return” comes to about 90 % of the national contribution.

Only Italy, Germany, the UK , France and the EU (1.5 billion) play a bigger financial role within the space agency. In view of the likely continued technological importance of space flight in the years to come and the high financial cost of such investments, a joint Benelux approach would appear to be desirable.

4.2. BIS

The BIS (Bank for International Settlements) in Basle is effectively the banker of the central banks. In recent years this bank has been primarily concerned with harmonizing the supervision the central banks exercise over national private financial institutions. The historical development of the BIS means that Belgium is a permanent member of its “Board of Directors”, with the USA, the UK, France , Italy and the Federal Republic of Germany. Belgium could therefore assume the task of representing the policy of all of the Benelux. The BIS also provides back office functions for the “G 10”, of which both Belgium and the Netherlands are members. In 1962 they agreed to give each other loans and possibly provide loans to other countries should the resources of the IMF fall short. There is in consequence a most definite indirect link between the BIS and the two main Benelux countries. As for Luxembourg it should be pointed out that this smallest of the Benelux countries is an important player in the banking sector in Europe.

4.3. EIB

In third place there is the EIB (European Investment Bank) in Luxembourg City. This bank finances projects in the EU’s less developed regions as well as trans-European infrastructure. Both Belgium and the Netherlands have contributed € 10,800 million to the bank’s capital of € 243,000 million. With Luxembourg’s contribution the Benelux’s contribution comes to € 22,000 million. In total then this makes the Benelux the sixth largest contributor to the EIB, well after Germany, France, Italy and the United Kingdom, who contribute € 39,200 million each, and just behind Spain, which contributes € 23,500 million. The Benelux’s activities within this bank must be seen in the political context of the greater cooperation within the EU institutions of these three countries.

4.4. EBRD

Finally we may mention the EBRD (European Bank for Reconstruction and Development) in London. Established in 1991 to help the former Iron Curtain countries in their transition from a collectivist economy to a free market one. Belgium has contributed € 684 million to the bank’s total capital of roughly € 30,000 million, while the Netherlands have paid in € 744 million and Luxembourg € 60 million, making a total of close to € 1,500 million. This is markedly less than the largest shareholders, which are the United States with € 3,000 million, and the U.K., France, Italy, Germany and Japan with € 2,500 million each. United, however, the Benelux comes immediately after these leaders and makes a greater contribution than the EIB, the EU, Canada

and Spain. At present Belgium (with Luxembourg and Slovenia) and the Netherlands (with Armenia, Macedonia and Mongolia) both individually head a different group in this bank. A joint approach to the administration of the bank could only bring benefits to the three countries.

5. The European Central Bank

Since 2002 various EU member states have surrendered their monetary sovereignty to the European Central Bank (ECB). The countries that use the euro own 70.39% of the ECB's working capital. The latter has been set at € 10,825 million and has been at this level since 1 January 2014. The most remarkable aspect of the ECB's capital is that non-euro countries within the EU have contributed to it, and hold a 29.61% share in it.

The ECB's capital comes from the national central banks.

TABLE: V ECB capital

Germany:	17,9%
France:	14,17%
UK:	13,67%
Italy:	12,31%
Spain:	8,84%
Benelux:	6,68%

Source: ECB

Of course Germany, represented by the "Bundesbank" is the largest single shareholder with 17.9%. Germany is followed by France (14.17 %), Italy (12.31 %) and Spain (8.84 %). After these countries come the Netherlands (4 %) and Belgium (2.48 %). Together with Luxembourg (0.20 %) the three Benelux countries contribute a 6.68 % share to the ECB's total capital, putting it nearly on a par with Spain.

Of the contributing non-euro countries we may mention the large shares contributed by the Bank of England (13.67 %) followed by Poland (5.12 %).

The Benelux share in the ECB's working capital puts the region ahead of Poland and would also increase its power to influence ECB policy and claim administrative positions in the bank. The ECB bank is of course politically more sensitive because of the link to national sovereignty. On the other hand the three countries surrendered their monetary sovereignty to the ECB in 2002, this should make a joint Benelux approach much less of a political hot potato, particularly as it would guarantee the Benelux a permanent seat in the six-man administrative committee of the ECB. For practical purposes a permanent consultative body could be established within the Benelux framework which could be chaired by each of the three national banks in turn.

6. International

Moving now to the international arena, we may note that the Benelux countries are all members of the United Nations and the associated specialized agencies.

At the UN the Benelux countries are ordinary members, who become members of the Security Council every now and then. Nonetheless the Benelux plays an important role in the specialized agencies with a more or less economic mission such as the IMF, the World Bank and the WTO.

6.1. IMF

The International Monetary Fund (IMF) is a specialized agency of the United Nations whose mission is the preservation of monetary stability. The organization is also the lender of last resort for countries who are unable to borrow funds elsewhere.

All member states must pay subscription quotas when they become members of the agency. The quota is largely based on the size of the country's GDP and its current account transactions. The higher the quota payment, the greater the number of voting rights allocated to the member country.

Since 1 November 2012 the three Benelux countries have formed a single group in the daily administration of the IMF. Every four years Belgium and the Netherlands supply a leader and a deputy leader for this group.

Apart from the three Benelux countries, Armenia, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia, Moldavia, Montenegro, Romania and Ukraine are members of this same group of 15 members.

All together this Benelux countries holds 3,47% (Belgium: 1,35% , Holland: 1,84%, Luxembourg: 0,28%) of the quotas and 3,36% (Belgium: 1,3%, Netherlands: 1,77%, Luxembourg: 0,29%) of the total votes. This IMF group, which is headed by Belgium and the Netherlands, has 5,43% of the votes. Because of that this group Benelux group of 15 IMF members is the fourth largest vote after the United States (16.54 %), Japan and China. But before the federal republic of Germany (5,33%).

This cooperation of the Benelux within the IMF and its expansion to include other countries has meant that the Low Countries have become an important shareholder in this important international economic institution. It is this that justifies the claiming of administrative mandates in the IMF and influencing policy. The IMF is tangible proof that a common Benelux approach can bear fruit.

6.2. WORLDBANK

The World Bank too is a specialized agency of the United Nations, and has the task of helping the social and economic development of poorer countries. Here too member states pay subscription quotas that are related to their prosperity. In contrast with the IMF Belgium/Luxembourg and the Netherlands have not established Benelux cooperation in the shape of the leadership of a group.

At present Belgium heads a group that controls 5.03 % of the shares of the World Bank. The members of the Belgian group are Austria, Belarus, Czech republic, Hungary, Kosovo, Slovakia, Slovenia, Turkey and Luxembourg).The Netherlands does the same with a group that controls 3.98 % of the shares. This group which is headed by the Netherlands contains Armenia, Bosnia, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia, Moldavia, Montenegro, Romania and Ukraine.

In the current situation the Belgian group is the 7th largest after the United States (16.19 %), Japan (7.5 %), China (4.84 %), Germany (4.39 %), France and the United Kingdom (3.94 % each). The Netherlands and its group comes in eleventh in the rankings.

Should the three Benelux countries pool their votes in the World Bank in the same way as they do in the IMF, they would control 81,525 votes (The Netherlands: 42,352, Belgium: 36,467 and Luxembourg: 2,306).

That total is slightly less than France or the United Kingdom, who control 87,425 votes each. If the Benelux were to form a group in the World Bank analogous to that in the IMF (which in this case would be the Dutch group plus Belgium and Luxembourg) the control of no fewer than

117,213 votes would be possible. This would make the group the third largest player in the World Bank, following after the United States (358,502) and Japan (166,098).

Here again we see that Benelux cooperation could yield significant advantages.

The same situation arises with the two sub-organizations of the World Bank, namely the “International Finance Corporation” (IFC), which provides help to the private sector and the “International Development Association” (IDA), which provides support to the world’s poorest countries.

6.3. WTO

The World Trade Organization (WTO) is the UN agency that works to promote free trade. For the purposes of this study we need to know on what basis WTO members are required to finance the WTO budget. The parameter used is the share in world trade. The Netherlands and Belgium with their respective share of 3.2 % and 2.2 % are mid-ranking players. Together with Luxembourg we see that they come out at a financing share of 5.55 %, which might not seem much, but in fact is the fourth largest share after the United States (12.2 %), China (9.9 % including Hong Kong) and Germany (8.8 %) and before Japan (4.8 %), the UK (4.6 %) and France (4.4 %).

If the three Benelux countries were to join forces in the same way as they do in the IMF, they could significantly strengthen their political clout within the organizations considered above.

7. Diplomacy and Armed Forces

For some years now the Benelux countries have been occupying the same buildings for their embassies and consulates in a number of countries.

In particular this means that these countries use the same location for their diplomatic services. This allows considerable savings in logistics and security, as well as offering other benefit.

An added advantage to this is the enhanced reputation in respect of third countries. As the three countries are sovereign in their international relations, the foregoing is the only possible course. On the other hand there is nothing to stop the Benelux countries agreeing among themselves to represent each other in different countries. In fact the project mimics similar initiatives by the “Nordic Council”, the association of the five Scandinavian countries.

In recent years the Benelux countries have also participated in joint military operations both in an EU and NATO context.

Belgium and the Netherlands have organized successful naval cooperation in the past few years. In view of the current budgetary strictures and the growing international threat, a joint Benelux army would certainly be worth giving political consideration.

In 2015 though the Netherlands had a budget for defence of € 8,000 million while Belgium only allowed € 2,400 million for defence during the same period. The contribution of the Grand Duchy is of course only small and comes to about € 250 million. Nonetheless when we compare national defence spending per capita we observe the following:

TABLE: VI MILITARY SPENDING (IN EUROS)

- The Netherlands:	493
- Luxembourg:	454
- Belgium:	218

Source: own calculations

This table shows that Belgium in particular has a structural problem in connection with its excessively low defence spending. Belgium would have to be prepared to put up more money if it was to start a joint army with the other two Benelux countries.

A Benelux army has to be a realistic option, particularly as the vision of a European defence apparatus appears to be illusory, which is the result of the highly divided views of the member states on defence and the very significant political fact that both France and the United Kingdom wish to stay in control of their own defence. These two countries have the highest defence budgets in Europe with the UK spending about € 50,000 million a year and France spending roughly €40,000 million a year.

Joint Benelux policies on defence would give the partner countries much more weight when it comes to making decisions about defence and synergies might be expected if the Benelux armed forces were to attend to protecting the airspace, ports and substantial commercial shipping of the Benelux.

Finally a Benelux-wide defence organization would make budgetary sense as purchasing power could be concentrated and commensurate savings made. Financial benefits might also be expected for joint training and maintenance too. Nowadays the Luxembourg army is trained in Belgium and the two navies share their training. The joint administration of the military colleges is a possibility that could be realistically explored as well.

8. Towards a Benelux Union?

The new Benelux treaty of 2010 speaks from now on of a “Union” and that has to do with the fact that the powers of the Benelux now cover more than the traditional economic matters of the past. Further to the political analysis of potentially greater Benelux cooperation this article concentrates on the role of the Council, the Parliament and new powers and the relationship with existing institutions.

8.1. Council of Ministers

At present the Benelux is administered by a Council of Ministers. This is its supreme decision-making body and when constituted in its completest form it includes the three heads of government. Ways of enhancing cooperation could include a permanent presidency, which could for example be rotated among the member countries every two years. The Council will of course continue to be assisted by the Benelux Secretariat. The latter could then be given much greater significance by allowing it to carry out the routine coordination of cooperation between the institutions concerned. Closer cooperation of this kind should also be given a political face via the Presidency. Language use in the Benelux is limited to the three official national languages (German, French and Dutch) and this has proved to be practicable. Here we might recall that far fewer languages are involved than within the EU or NATO.

8.2. The Benelux Parliament

Apart from the Council there is also the Benelux Parliament, which admittedly is indirectly constituted by the various representative organs of the three member states. In this respect there is undoubtedly a certain democratic deficit. The new treaty of 20 January 2015 does in fact extend the powers of this Parliament but they remain limited compared to a “real” Parliament. This of course has to do with indirect composition, and that there is no policy expenditure in the context of the Benelux and that this Parliament thus cannot approve a budget. To take an example the European Parliament had to fight for years to with the right to have a say on the EU budget. At present the Benelux budget stands at about € 8 million, which comes from grants from the three national budgets to cover the operating costs of the Secretariat and also those of the Parliament. It is not necessarily a disadvantage that the Parliament is indirectly elected. The advantage is that there continues to be a link to the sensibilities of the national Parliaments. The composition of Belgium’s delegation is also linked to the federal structure of the kingdom. The political factions sitting in the Parliament are relatively similar in each of the three countries. As a result the ideological differences in the electoral landscape are still present, but the existing parties are usually the same. This would definitely facilitate the political administration of the Benelux.

8.3. New Powers

At present there are a number of typical Benelux powers relating to the Benelux Court, the Office of Intellectual Property Rights and police cooperation, etc. As already mentioned above defence seems to be one of the most obvious candidates for Benelux level administration. The Benelux Parliament would then be able to express its opinion on a budget of over € 10,000 million, subject of course to Belgium making a much greater financial effort in this respect. Naturally the defence interests and diplomatic policies of the three countries are not the same. Placing these under the Benelux flag could have an integrating effect in this respect. In practice there would be a single general staff for the armed forces. The needs and objectives of the latter would then be translated into policy objectives by a Benelux Minister of defence. The latter post could also be complemented by a Benelux Minister for Diplomacy, the political institutions referred to above and for finance. The latter person would then represent the Benelux and administer the votes in the aforementioned financial institutions. Furthermore this Benelux Minister of Finance would have to manage the relevant budget and be the figure representing the Benelux in the Eurogroup. As a result there would also be several appointments as Benelux minister to be shared among the three countries.

Are there other powers that it would be better to implement at Benelux level? The first that springs to mind is the customs service, an important service in a region with so many external borders. Others too are definitely worth considering, such as the railways, and finally there is the old dream of a single large Benelux aviation company, which would certainly yield economic advantages in view of the complementarity between the airports at Schiphol and Zaventem.

8.4. Existing Institutions

Pushing Benelux cooperation forwards would create a new element on the political and diplomatic landscape and the question arises of whether this would cause problems in connection with existing institutions. The three Benelux countries all belong to the Schengen Area, the eurozone, as well as to the EU, the EER and NATO. As a result no significant problems should be forthcoming. The only difference will be that within the political space of the EU, three countries will start a programme of intense cooperation. With respect to NATO, three of the countries who already cooperate in military matters would go about establishing a joint army.

9. Conclusion

This article has tried to determine the value of joint Benelux action both within Europe and internationally.

Joint Benelux initiatives have already had some success with respect to shared diplomatic missions, naval cooperation and within the IMF.

In the above we have shown that such cooperation could also have a positive effect in many other European and international bodies. Cooperation would give the Benelux countries greater weight in the formation of policy and would allow the region to claim more senior positions within European and international institutions.

The economic strength of the Benelux is confirmed by its significant share in the financing of the EU budget from customs duties and its position in the WTO.

The GDP and particularly the GDP per capita underlines the prosperity and economic significance of the Benelux countries. In view of the tense strategic situation in and around Europe, the Benelux structure offers both a politically and budgetary attractive alternative in the form of a joint military apparatus.

The United Kingdom of the Netherlands came into being two hundred years ago (1815) as a result of the defeat of Napoleon Bonaparte at Waterloo. On 21 September 1815, Willem I was able to declare himself the first king of this decentralized state with the monarch retaining very significant powers.

Today, the Benelux offers a viable alternative for bettering the situation of the three countries in a landscape marked by a globalized economy, political strains on Europe's borders and a European Union that is unable to progress, offering only harmonization project after harmonization project, all of which lead only to a lamentable levelling down.

An advantage of the Benelux is also the fact that this institution can produce faster results than the present standstill of the European Union.

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