

Chapter 8

In a League of its Own? The Netherlands as a Middle-Sized EU Member State

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Introduction

What is the position of the Netherlands in the EU of 27? What capacity does it have to influence decision-making in today's EU? What kind of strategies has the Netherlands adopted to maximise its impact in the EU framework? These questions should be seen primarily against the background of the sensitive relationship the Netherlands has with the big EU member states – France and Germany in particular. It could even be argued that a strategy of binding the big member states has been one of the main reasons for the Netherlands to join the European integration project in the first place, and in particular for the Dutch preference to found this project on a supranational basis. Integration within a framework of strong supranational institutions was seen as offering the best guarantee for maintaining a certain equilibrium among the member states, whether big or small.

Notwithstanding the supranational character of EU integration, there has always been concern in the Netherlands about the big member states dominating the EU at the expense of the smaller ones. For that reason the 'big-small' dimension has traditionally been one of the benchmarks in Dutch EU policy. That was the case in the 1950s and 1960s. But the importance of this notion became once again clear during the negotiations on the constitutional treaty and the Treaty of Lisbon.

The fear of being marginalised already played a role in the Community of six, but that fear is so much stronger in today's Union of 27 member states where the Netherlands not only has to cope with the aspirations and actions of the big ones. In the Union of 27, the Netherlands no longer is one of the founding fathers. It has become one of the many member states, an evolution which implies by definition a relative loss of power and position, and which makes it more difficult to make a difference.

How has the Netherlands responded to this change of position? What options does it have to maintain and perhaps even strengthen its influence in this multi-actor environment, taking into account the constraints of being one of the 'smaller member states'? This issue will be discussed in this contribution against the background of the traditional attitude of the Netherlands towards the EC/EU. To what extent was this attitude the result of its position as a relatively small member state? And has there been a change in attitude and policies towards the

integration process as a result of developments at the EU level, *inter alia*, of the enlargement? These questions are so much more relevant in view of the no-vote in the Netherlands referendum of June 2005 on the European constitutional treaty than the actual no-vote itself. This event has been perceived by many observers as a change of attitude of the Netherlands towards the EU, marking in particular a shift from a loyal supporter and founding father of the European integration to a much more critical and reluctant actor.

But before going into these questions, first the Dutch position within the EU in terms of *size* should be discussed. Can the Netherlands be ranked as one of the many small and smaller member states within the EU of 27 or is it a middle-sized country? Next, the Dutch EU policy will be elaborated as to its traditional strategic *basic assumptions*, in particular regarding the relationship with the big member states. What were the basic considerations underlying Dutch membership of the European Community/Union? This part is followed by an analysis of the effects of the enlargement on the Dutch position in the EU and on the strategies to be followed in order to maximise its influence in the Union of 27. This contribution concludes with some more general observations concerning the present Dutch EU policy position and the constraints that the government in The Hague is facing in pursuing its policies.

The Dutch Position in the EU: Small, Middle-sized, or ...?

What is the Dutch position as an EU member state, in terms of size? How is this position perceived by the Netherlands itself? The most simple answer to these questions is the fact that whereas the Netherlands was once one of the six founding fathers, as a result of enlargement it has become one of the many member states, knowing also that the designation 'founding father' is something of a distant past which no longer has any resonance, in particular to member states which joined the EU at a much later date. The impact of, in particular, the enlargement process on the position of the Netherlands (and also of Belgium and Luxembourg) becomes even more visible considering the fact that in the EC of six, the Netherlands was one of the *three* small member states, with Luxembourg being a very small member. Facing them were three big member states, with Germany and France clearly setting the tone in the framework of the Franco-German axis. In the EU of today the number of small and smaller member states has increased to 21. At the same time, the number of big member states has grown to six (i.e., if Spain and Poland are considered as belonging to the group of big member states). As a result of this ongoing enlargement with specifically small countries, the Netherlands has not only become one of the many member states, but even one of the many small and smaller EU countries. One effect of this development on the Dutch position has been that it has become more difficult for the Netherlands to distinguish itself and to wield influence in such a way that it can have an impact on EU decision-making.

But can the Netherlands actually be seen as a small or smaller member state? What is the view of the Dutch themselves? A preliminary observation in this regard is that, as will be elaborated further in the next paragraphs, obviously a country's potential to have influence within the EU is determined by many factors. Size is only one among them and, moreover, is in 'the eye of the beholder' (Hanf and Soetendorp 1998). In other words 'size matters', but less so than is often assumed. In that sense the debate about the purport of the 'big-small' dimension in the EU is to some extent artificial. However, it is also clear that in some instances size *does* matter and that smaller member states are confronted with specific constraints, due to the fact that they are the weak part in an *asymmetric* relationship, and that therefore it does have an impact on the policies and, in particular, the strategies of member states towards the integration process (see, *inter alia*: Panke 2008; Broman 2005).¹ Against this background and taking these observations into account, the question of the position of the Netherlands in terms of weight does play a role in the debate about Dutch EU policy.

In discussing this issue, three arguments could be considered as to underpin the claim that whatever the final conclusion regarding the Dutch position is, the Netherlands certainly should not be ranked among the small or smaller EU member states. The *first* one concerns the rather paradoxical observation that, as a result of enlargement, the *differentiation* within the EU, in terms of groups of member states to be distinguished, has increased substantially. In the EU of today we find big, middle-sized, smaller, small and very small member states, whereas in the EC of the past only big and small member states could be distinguished. As a result of enlargements to be envisaged with in particular small and very small member states from, *inter alia*, the Balkans, this differentiation will only increase. In other words, the 'demographic' factor has become more important (and will become even more important), with the paradoxical effect that, in terms of ranking, the Netherlands has become 'bigger' in relation to the other 'small' member states.

This effect becomes, *secondly*, so much more prominent in view of the fact that with a population of 16 million the Netherlands is substantially larger than the next 'small' member state Belgium, which has a population of only 10 million. From this perspective, the Netherlands could be considered a middle-sized EU country, and when we take into account that the next 'bigger' member state, Romania, has 22 million inhabitants, it rather plays in 'a league of its own'.²

This (self-)projection of the Netherlands as a middle-sized country is, *finally*, based on the level of ambition of Dutch foreign policy, by the degree of international

1 For the discussion of the concept of small states in general and the relational understanding of small states in particular, see the discussion by Steinmetz and Wivel in Chapter 1 of this book.

2 In a recent publication Panke (Panke 2008) remarks that in the present EU 19 member states have a vote weight that is less than the EU average and can therefore be considered as a small member state. Due to its population size and corresponding vote weight the Netherlands does not belong to this group.

engagement and by the instruments and means at the disposal of the Netherlands in conducting its foreign policy. Since the Second World War the Netherlands has departed from its traditional policy of neutrality, which it adopted after the Napoleonic era during which the Netherlands was occupied by France. Instead, it has become an active and ambitious player on the international scene, specifically regarding issues concerning peace and security, maintaining the international legal order, the combat of poverty and underdevelopment and the build-up and promotion of a stable and open international economic system, in particular for the benefit of international trade. These ambitions are pursued in the framework of the global multilateral system, in NATO and other security arrangements (e.g., the OSCE) and through active involvement in the European Union. They are supported by a relatively large diplomatic apparatus, which disposes of an extensive bilateral and multilateral network of diplomatic establishments, and which has given the Netherlands in particular a traditionally strong position within the UN family of organisations. This position is strengthened by the availability of a comparatively large budget for development cooperation, *per capita* even one of the highest in the world. In addition, the Netherlands has a relatively large defence system, well capable of participating in military operations within the higher spectre of the use of violence (intervention, enforcement and stabilisation by military means). This capability is reflected in the active and extensive involvement in military operations under UN, NATO and EU auspices.

The rather ambitious foreign policy of the Netherlands can to some extent be explained by its past. During its 'golden age' (seventeenth century) the Netherlands was the leading economic (and military/naval) power in Europe. In that period the foundations were being laid for a large colonial empire, which it only lost after the Second World War. In other words, seen from an historical perspective, the Netherlands has for long periods been a 'great power'. The Dutch support for a strong international legal order embedded in an effective system of multilateral institutions is, on the other hand, in accordance with its position as a trading nation with a very open economy. It gave the Netherlands traditionally a clear interest in peace and stability in order to guarantee the safe conduct of its commercial activities. 'Peace, profits and principles' were clearly interrelated for the Netherlands (Voorhoeve 1979). That was the case in the seventeenth century, but also today the Dutch trade dependence to some extent explains the ambitions and orientation underlying Dutch foreign policy.

To summarise, this overview may suggest the image of a country which perhaps is 'punching above its weight', but also of a country that manifests itself in particular within the European Union as a member state which on the basis of its position, its foreign policy ambitions and its means and capabilities distinguishes itself from small or smaller member states and that, moreover, it wants to be recognised as such. This characteristic became perfectly clear, *inter alia*, during the negotiations in 2000 on the Treaty of Nice, when the Netherlands demanded a larger vote weight than Belgium, in order to distinguish itself from the group of smaller member states. Therefore, the self-image as, in any case, 'the

biggest of the small ones' or the 'smallest of the big ones' serves to underline the Dutch pretention to be a middle-sized EU member state. At the same time, this self-image as a middle-sized EU member state underlines the Dutch position of asymmetry in relation to the bigger member states. The Netherlands may be 'big' compared to Luxemburg or Malta, but it is 'small', and in general in the position of 'demandeur', in its relation with France or Germany.

The Dutch EU Strategy: Supranationalism as a Means to Bind the Big Ones

In view of this it should not come as a surprise that for the Netherlands its relationship with the big member states has traditionally been a rather sensitive issue. It always feared that the big member states – in particular France – would try to break up the existing balance between 'big' and 'small' within the EC/EU by claiming or creating a special and more prominent position for themselves. This sensitivity has manifested itself on several occasions during the process of European integration. One example is the opposition from both the Netherlands and Belgium in the 1960s against the so-called 'Fouchet proposal', initiated by the French President Charles de Gaulle. The two smaller states saw in this proposal an effort to establish a more intergovernmental European framework, which was dominated by a directorate of the three big member states, and which therefore – in their view – constituted a direct threat to the Community model of integration and to their position. For the same reason of protecting the Community method of integration, the Netherlands from the start has been reluctant to the (again French) initiative to establish the European Council. It feared that within this, by definition, more intergovernmental setting the big member states would dominate at the expense of the smaller ones, and that this new body would overshadow the European Commission, which in the Dutch view was and is the core institution of the Community method of decision-making. In the same vein, the Netherlands has always been suspicious of informal inner-circle meetings of the big member states, for fear of being excluded and confronted with 'faits accomplis'.

This sensitivity may be explained from the fact that in the Dutch perception European integration is an outstanding instrument to bind the big member states and to guarantee a certain balance or equilibrium between big and small member states in the EU (Van Keulen and Rood 2003). Hence for the respective Dutch governments the principle of equality among member states has always been one of the most important rules underlying the integration process. And it explains in particular their sensitivity towards the idea of a directorate of big member states, in which the Netherlands was excluded from decision-making. In the same vein the Netherlands has always reacted rather cautiously towards suggestions for enhanced cooperation or the formation of a core group within the EU. For such schemes could easily be dominated by the larger member states and might have a negative effect on the position of the Netherlands.

This attitude is reflected in the support for a European integration process on a *supranational* or *communitarian* foundation: i.e., a European Union/Community disposing of strong and independent institutions – in particular the European Commission and the Court of Justice – and constituting a legal order in which all member states are without distinction bound by the same rules and in which decisions and agreements can be enforced by judicial means. The reason obviously is that such a supranational arrangement offers the best available guarantee for upholding the principle of equality and the best protection against the big member states taking the law into their own hands. For the latter are bound by the same rules and procedures. In other words, a strategy of *binding* has traditionally been at the centre of Dutch European policy (see: Wallace et al. 1999; Wivel 2009). Such a strategy, i.e. the application of the Community method, was perceived as the best way to protect the interests of small member states (see also: Magnette and Nicolaïdis 2003). This Dutch perception also explains why during negotiations about institutional reform ‘maintaining the institutional balance’, i.e. the balance between member states and in particular the European Commission, has always been the leading principle for Dutch officials.

The fear for a ‘directoire’ of big member states also explains to some extent the Dutch reluctance towards European *political* integration. European integration was supported as long as it encompassed the economic domains of trade and market integration. These domains were and still are of the utmost importance for a country like the Netherlands with its very open and trade-oriented economy. On the other hand, European cooperation and integration in the areas of foreign and security policy and concerning military matters were approached with great reluctance and suspicion. In these areas the Netherlands has neither been initiator nor forerunner, but more a fence-sitter or even a laggard trying to prevent or slow down initiatives. This attitude had its roots in the aforementioned sensitivity towards the role and position of the big member states. The Dutch feared that European cooperation on these policies would be dominated by the big member states at the expense of the Netherlands. Moreover, during the period of the Cold War the respective governments in The Hague considered the United States, on account of its world power, a more reliable protector of Dutch security interests, than western European countries like, e.g., France or Germany, which in the Dutch view were not able to fulfil the European security needs. Hence the Netherlands has responded only half-heartedly to initiatives to develop European cooperation in the areas of security and defence. Those efforts were seen as a direct threat to the Atlantic alliance, being the linchpin of Dutch security and to the relationship with the United States. In other words, Dutch preference for European integration was conditioned by a so-called *Atlantic clause*, meaning that the EC/EU was the primary framework for economic integration, whereas security and defence should be secured under the umbrella of NATO.³

3 For the very reason that the Netherlands has always been lukewarm if not reluctant to the idea of further European political integration, the assumption that the Netherlands

To summarise, the traditional EU policy of the Netherlands was based on a strategy of binding the big member states in a supranational framework of rules and institutions. At the same time the Dutch ambitions towards European integration were limited in scope, focusing primarily on economic integration. And finally, this approach was broadly supported by the political elite and embedded in an attitude of ‘permissive consensus’ among the population.

The Netherlands and the Constitutional Treaty: Does History Repeat Itself?

So far for the traditional position of the Netherlands in the EC/EU and, in particular, the sensitivity of the relation with the big member states. But in the run-up to the constitutional treaty it became clear that also after half a century of European integration this sensitivity has by no means diminished. Certain proposals for institutional reform initiated by the big member states were met with great apprehension, precisely because the Netherlands feared they would strengthen the position of the larger countries. The Netherlands – together with other small member states – expressed in particular great reservations about a proposal made by the big member states to replace the existing rotating presidency of the European Council by a semi-permanent President from outside the Council. As was already mentioned, the Netherlands has always been rather suspicious of this body, fearing that it would dilute the Community method. The idea that this entity would in future be chaired by a permanent President from outside the group of prime ministers or heads of state was unacceptable to The Hague. It was seen as an effort by the big member states to sideline the small ones and to exclude them from the leadership of what since its creation has become the most important institution within the EU. Especially feared was the emergence of an ‘inner circle’ of the new President and the big member states, which together would set out the strategic orientation of the EU.

In the Dutch view the introduction of this new figure would also constitute a direct threat to the position of the President of the European Commission, and for that reason to the institutional balance within the European Union. And, finally, the Netherlands was suspicious of proposals to limit the number of European

has traditionally been in favour of the creation of a federal Europe must be considered as to be based on a myth. In other words, the Netherlands was in favour of European integration, but only to a certain degree – on a supranational basis, but not with the ambition to advance towards a European federation. At the same time it is obvious that, as a result of the end of the Cold War, of the manifestation of cross-border issues and of ever stronger transnational forces, of the ongoing changes in the international distribution of power and of the processes of globalisation, it has during the past 10 to 15 years become more difficult for the Netherlands to maintain this ‘split’ between European integration and Atlantic cooperation on the one hand, and its reluctance as to political integration in the EU on the other.

commissioners. Such proposals would be acceptable only if it was guaranteed that big member states, as far as their presence in a smaller European Commission is concerned, would be treated in the same manner as the smaller ones.

Most recently, the sensitivity of the issue manifested itself again during the discussions on the implementation of the Treaty of Lisbon – the successor of the constitutional treaty. In these discussions the Dutch aimed to downgrade the position of the permanent President of the European Council as much as possible: he/she should be the chairperson of the Council and not ‘the President of Europe’. In addition, the Council of General Affairs – and by that the regular rotating Presidency – should be responsible for the overall coordination of the various Council formations, and not the newly established permanent President.

The above underlines that the relationship with the big member states still is an important conditioning factor in shaping Dutch EU policies. To a certain extent the Netherlands tends to define its own position relative to the position and behaviour of the larger EU member states, in particular at times when the relations of power and influence in the EU are recalibrated; *i.e.* during negotiations about institutional reform. As was already argued, this reflex can be explained from the Dutch self-image as a middle-sized power and the ambitions underlying Dutch foreign policy. On the other hand, taking into account the way in which day-to-day decision-making takes place in the EU, this emphasis on the ‘big-small’ dimension seems to be misplaced. One reason is that EU decision-making is based on the principle of consensus, *i.e.* finding a compromise which is acceptable to all or at least as many member states as possible. This was, is and will remain the leading principle in EU negotiations.

Given this principle, decision-making is not characterised by a structural cleavage between big and small member states.⁴ On the contrary, the EU is a pluralistic system of mixed or flexible coalitions, with – depending on the issue – different groups of small and big joining their forces. That is the name of the game within the EU. In other words, in day-to-day politics cross-cutting cleavages determine the outcome of the negotiations and not the distinction between big and small member states. Moreover, to this could be added that, as far as there has been a change in the distribution of power on the ‘big-small’ scale, this has been to the advantage of the small member states, which saw their number increase to 21, whereas, as was already argued, the number of larger members increased to only six. According to some it is therefore fair to speak of the ‘tyranny of the tiny’ instead of the domination by the big ones. And, finally, although much will depend on the actual implementation of the Lisbon Treaty, the overall impact of

4 Institutional matters are the exception to this rule, as was exemplified by the negotiations on institutional reform.

this treaty on the balance between big and small member states appears to be limited and seems not as dramatic as has been suggested during the negotiations on the European constitution.

The Challenges Facing the Netherlands in its EU Policies

Notwithstanding this final observation, it is clear that, in terms of perception of its position, the relationship *vis-à-vis* the big member states is an important variable in understanding Dutch EU policies. Defined in terms of power, this relationship is asymmetrical, meaning that the Netherlands is the weaker part of the relationship. Accepting the fact that some states 'are more equal than others', i.e. the big member states – France and Germany in particular – have more weight in decision-making than others, it is obvious that from the Dutch point of view having access to those countries on the basis of a good relationship is crucial in the game of coalition formation in the EU. A winning coalition without the support of these countries is illusory.

From this perspective, it is a matter of concern to the Netherlands that, partly in response of the enlargement of the EU, the big member states have recently shown a certain inclination to 'gang-up' as a group in the early stages of decision-making. The extent with which this happens and the Netherlands is excluded from the discussions, this is considered as a threat to the Dutch interest. Having access to the big member states and preventing the emergence of a 'directoire' is therefore considered vital.

But the challenges the Netherlands is facing in pursuing its EU policies must be seen in a broader perspective than the mere relationship with the big member states. In addition, there is the effect of enlargement as such on the position of member states, including the Netherlands. The increase of EU membership to 27 member states implies for all member states a relative decline of influence, an effect that probably hits harder in the case of the smaller member states. Enlargement also means that the EU, in terms of the *number* of relations among member states, has become more complicated, a factor which is particularly important given the fact that in more and more EU policy areas decisions are taken by majority voting. Under this regime, a country can only have influence on the final decision-making if it succeeds in finding and mobilising a sufficient number of member states that support its views. This has become a more difficult challenge as a result of the relative decline in position and power of the Netherlands – an inevitable effect of the Union's enlargement – and of the increase in the number of member states with which to maintain a relationship.

What makes this game of coalition formation even more complicated is that, as was argued above, there are no fixed or privileged coalitions in the EU; i.e. countries that on a more or less permanent basis do agree and cooperate on a broad range of issues. Although they have a long history of cooperation, this latter

observation even holds true for the Benelux countries.⁵ Coalition formation, in other words, is a game of *flexible* coalitions, in which, from the Dutch point of view, it is crucial to be able to make a difference and to be considered as an attractive and necessary partner by the other member states. In this game it is also important to take into account that, in order to mobilise a winning coalition, one always needs the support of the big member states, specifically France and Germany.

The Dutch EU position and policies have further been complicated by a change in the mode of decision-making in the EU towards a more *intergovernmental* approach. The traditional strategy of relying on the Community method, and in particular the European Commission as a guardian of the interests of the smaller member states, is more difficult in an EU where the support for extending the Community method has decreased and intergovernmentalism is on the rise. This trend can be explained by the more prominent role of the European Council, the larger number of member states and the spill-over of European integration into policy areas, where the application of this method is less obvious and/or less accepted. This development must be seen in conjunction with an even stronger emphasis on EU decision-making during the informal stages of this process.

A final observation concerns the attitude of the Netherlands itself. Traditionally a strong supporter of European integration, defined in particular as an economic project, the Netherlands has recently become more reluctant regarding deepening and extending the integration process. This change was exemplified most dramatically in the referendum of June 2005 concerning the European constitutional treaty. Its result showed that the traditional consensus amongst the political elite concerning the integration process and the benign support of the Dutch population for the EU have been replaced by a more critical, restrained if not sceptical approach towards the EU. The reasons for this change must particularly be sought in the enlargement process and the fear that, as a consequence, the Netherlands would lose its position in an ever larger EU and in the intrusion of EU policies and rules into areas, which are seen as inextricably linked to Dutch identity and society. This latter consideration underlines the fact that the shift of the integration project from an essentially economic endeavour to a much more political effort is clearly causing frictions and strains in Dutch society, limiting the room of manoeuvre of policy-makers. With a divided political elite at home and a more critical population, it has become more difficult for the Netherlands to maintain a balanced approach towards the integration process.

5 The cooperation between the three Benelux countries in the broader framework of European integration has had its ups and downs. The heyday of cooperation in the Benelux framework was in the 1950s and 1960s. Since then the picture is rather mixed, varying from periods of disinterest and little activity to efforts to re-energise the cooperation. More recently the Benelux countries have cooperated successfully to some extent in the framework of the IGC's concerning EU treaty reform, by presenting joint memorandums (the so-called Benelux memorandums), in which they put forward a common position.

Options for Maximising Influence in an Ever Larger European Union

In responding to this challenge there are in theory various options open to the Netherlands. One would be to stick to its traditional strategy of binding, i.e. of supporting European integration on a supranational basis as the best method to further its interests, in particular to level differences in power among the member states. However, in view of the more critical domestic scene and the intergovernmental forces in the EU itself, this option does not appear as viable as in the past. A second option could be to have a more minimalistic approach towards the integration process and to adopt an obstructive position in the EU by acting as a veto power in order to maximise its nuisance value. Such a policy would be in accordance with the more critical attitude at the domestic level in the Netherlands. But this option, too, seems unrealistic in terms of providing an effective long-term policy for the Netherlands to promote its interests. These interests are ultimately best served through an active involvement in EU policy-making and they require a working system of institutions at the Union level. From this point of view it would be highly counterproductive to position oneself as a structural laggard or obstructionist, leaving aside the question whether such a policy would be seen as credible by the other member states, and whether it would not lead to isolation of the Netherlands.⁶ It moreover might have the unintended effect of stimulating the big member states to create some form of a 'directoire'. For the same reason it would also be counterproductive to position oneself as leader of the group of small member states, trying to counterbalance the big ones by ganging-up. Such a policy would moreover not correspond with the aforementioned reality of EU decision-making, which is characterised by flexible coalitions on the basis of cross-cutting solidarities. This consideration implies that a final strategy – i.e. a strategy of bandwagoning with the big member states – isn't a viable option for the Netherlands either. Strong and close links with these states are crucial, but it would not be in the Dutch interest to identify itself with the big ones. Although important, the big member states should be seen as part of a wider game of coalition formation, in particular in a EU of 27.

Taking these considerations into account, the Netherlands has adopted a more flexible and open approach towards European integration, based on the following elements. It is still considered in the Dutch interest to have a rule- and institutions-governed system of cooperation and integration at the EU level. However, as a result of enlargement and institutional modifications (role of the European Council, co-decision, new forms of cooperation, etc.), this system has become much more complicated. Binding the big member states and not being marginalised are still important goals of Dutch EU policy. In this sense, size *does* matter to the Netherlands. But in day-to-day policies the emphasis clearly is on a process-oriented strategy: aimed at maximising influence on EU decision-making, by making optimal use of both the formal and informal dimensions of this process.

⁶ In other words, the veto can only be used by smaller member states in a restrictive and selective way.

It is, in other words, a *multiple-options and multiple-channels* approach towards the EU, aimed at all stages of the EU decision-making process; i.e. agenda-setting, coalition formation and negotiating.

One aspect of this approach is a reappraisal of the importance of *bilateral* relations on a capital-versus-capital level – not only with the big member states – in the framework of coalition formation.⁷ This aspect must be seen in conjunction with the growing importance of an early pro-active involvement, in particular in the informal stages of the decision-making process, in order to shape and set the European agenda. This requires an early input on the basis of expertise and knowledge, both on the level of the member states and of the European institutions, in particular the Commission. Such a strategy of a mix of bilateralism and multilateralism was pursued *inter alia* during the negotiations on the EU's financial perspectives and the Lisbon Treaty. Being a net payer to the EU, the Netherlands had a clear interest in limiting its contribution to the EU and in restricting the EU's expenditures. To realise this, it cooperated very intensively in the framework of the group of net-payers in the EU. In the case of the Lisbon Treaty, the Dutch interest was to have a new treaty text which would be different from the text of the constitutional treaty. This required, in particular, a close relationship with the then EU presidency – Germany – and with France, being the other country that had rejected the constitutional treaty.

Compared to the 'real small member states', the Netherlands has in this respect a number of advantages. First, being a middle-sized country, it is less hampered by a lack of financial and administrative resources. Secondly, due to the fact that it has been a member since the start of the integration process, it has been able to build strong links with both most of the member states and with the European Commission, as well as other European institutions. Moreover, having been involved in EU decision-making for many years implies that it disposes of the experience and knowledge, which are necessary to act in a pro-active way. Finally, due to its position of not being a big member state but a middle-sized one, the Netherlands might prove to be a more attractive partner for some of the smaller member states and act as an honest broker or mediator in the EU. This final quality, of course, depends very much on its reputation within the EU; i.e. whether it is seen as a reliable partner.

Conclusion: Matching Ambitions, Capabilities and Domestic Support

The challenge for the Netherlands in the EU of today is to act strategically in a multi-actor environment (see also: Broman 2005). In this respect the challenge

⁷ Although the big member states have a higher priority on this bilateral policy, this does not mean that the aim is to develop a special partnership with those countries. The same applies to regional cooperation in the framework of the Benelux. In accordance with the principle of flexible coalitions, the bilateral cooperation is 'issue-dependent': 'the issue defines the coalition'.

the Netherlands is facing is not different from the challenge the average small member state has to cope with. However, one difference is that, contrary to 'real small member states', the Netherlands has not been able to adopt a policy of clear prioritisation and has to be more selective in its ambitions. In accordance with its self-image of a middle-sized EU member state and also reflecting its interest in various policy areas (ranging from market integration to environmental policies), the Netherlands always had and still has a very broad European agenda. One of the challenges is whether, in view of the increasing demands of EU decision-making in terms of administrative resources, the Netherlands will be able to maintain this level of ambitions. This question must also be seen in the context of a more critical domestic scene regarding the European Union. As a result of all this, the Netherlands – like many other member states – has become involved in a classical *two-level game*. On the one hand it is faced with the challenge to maximise its influence in an ever expanding EU, while on the other hand it has to convince a critical population at home of the need for and importance of European cooperation. Finding a balance between these two dimensions and dealing with the tensions and dilemmas they cause, is the real challenge for Dutch EU policy in the twenty-first century.

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