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The Dutch EU Presidency: Between Seeking Unity and Policy Effectiveness

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The Netherlands, which has just taken over the European Union's rotating presidency, will have to urgently seek unity among the Member States on several interconnected fronts to deliver effective solutions to existential EU crises. Although the Netherlands is in a good position to take on this challenging task, it might find itself torn between acting as an honest broker and the desire to solve problems in a smaller group. This choice might define the evolution of the EU in the direction of more flexible integration.

The Netherlands assumes leadership of the EU Council at a time when the EU is put to severe test. The interconnected migration, security and Schengen crises call for immediate solutions. Additionally, the spectre of a Brexit is lurking around the corner and rising Euroscepticism fuels conflicting attitudes to solutions proposed by Brussels. In this turbulent context, the Netherlands has set itself the ambitious goals of achieving unity on the implementation of essential dossiers by forging compromises among Member States and in bringing effectiveness and democratic legitimacy back to Brussels. "Making connections" is the key theme of the Dutch presidency, and yet, when looking at increasing national feelings and divisions among national actors, finding the optimum combination of strong European cooperation and maximum freedom for states to create their own policies might be an impossible task. In this case, the Netherlands, traditionally guided by the principle of effectiveness in policy solutions, might not be afraid to strive for closer cooperation in certain areas among a reduced number of countries with compatible interests.

Capacities and Limits. Despite the formally limited competences of the EU presidency, the country holding it still may play the role of an important broker and, as seen with Luxembourg's decision on the Council to vote on refugee quotas, impose policy solutions to break a deadlock. It might also moderate the EU political debate in the direction of consensus and propose innovative ways to deal with urgent matters.

The Netherlands, which now holds the EU presidency for the 12th time, seems well equipped to manage the political agenda in difficult times. As a founding state of the European Communities and co-architect of the Schengen and Monetary Union, it possesses formidable experience in EU capacity-building. With their long-standing tradition of consultations, the Dutch know how to build coalitions and consensus, both at home and abroad. As a small "middle-state" with strong diplomacy, it remains committed to acting as an honest broker between Germany, the United Kingdom and France in many policy debates. Three Dutchmen currently hold the highest administrative positions in the EU (Frans Timmermans, the First-Vice President of the European Commission (EC), Alexander Italianer, who is Secretary General, and Jeoren Dijsselbloem, the chief of the Eurogroup) and anchor the Dutch point of view very well in the EU structures. Also, by opening a new presidency trio (to be followed by Slovakia and Malta), the Dutch can frame issues on the common agenda and set the stage for their fruition.

At the same time, the composition of the trio might be also an obstacle because Slovakia is one of the loudest opponents of the EU's refugee relocation policy, which might complicate implementation of an EU migration package. At the same time, the Dutch domestic political dynamics, marked by a steep rise in support for the far-right, Eurosceptic and anti-immigration Freedom Party, undermine its government's EU-policy orientations and make it more inclined to opt for solutions suiting its own interest.

Managing Migration and Saving Schengen. The most pressing task of the Dutch presidency is a rapid elaboration and adoption of a common EU position on securing the bloc's external borders through the creation of the European Border and Coast Guard, proposed by the EC in December 2015. While this idea has been criticized by some Member States as interfering with national sovereignty, Dutch Prime Minister Mark Rutte and Finance Minister Dijsselbloem have warned about the negative impact of the EU's failure to properly control its external borders on the future of Schengen. In November 2015, in response to southern Member States' inability to properly manage the influx of immigrants, the Dutch government discussed plans to create a limited area of free movement that would cut back the number from the current 26 to a new core of just five countries, including it and Germany, Austria, Belgium and Luxembourg. While the idea was later dismissed at the EU level, it shows the inclination of the Netherlands to opt for—according to Dutch understanding—politically pragmatic solutions, including like-minded countries when no common EU action is achievable.

Such an initiative might stand in line with the Netherland's interest in increased use of a "flexible integration" mechanism that would allow a group of states to engage in enhanced cooperation in specific areas. The Dutch Foreign Ministry recently asked the Dutch Advisory Council on International Relations to provide its opinion on the issue.

A parallel challenge for the Netherlands will be speeding up the EU relocation process for 120,000 refugees, agreed by Member States in September 2015, but which is proceeding extremely slowly. In its "State of the EU 2015," the Dutch presidency stressed the necessity of more fairly sharing the migration burden, noting that EU solidarity cuts both ways and goes hand in hand with collective responsibility. The Netherlands' resolve might be put to the test with regard to reaching agreement on the Commission's proposal of a structured system of refugee resettlement across the EU, which will come back on the agenda in the first half of 2016. This idea is very controversial for certain states, especially the Visegrad countries.

Avoiding a Brexit, but Not at All Costs. Given its long-term economic and political ties with London, the Netherlands is one of the most exposed states to the impact of a Brexit. Dutch firms in 2013 earned around 1.5% of the Netherlands' GDP in the UK and the Dutch financial sector operates intensely on the Isles. The country is closely aligned with London in its regulatory regime, economic model and market orientation. With regard to the EU reforms proposed by UK Prime Minister David Cameron, the Dutch strongly support the idea of strengthening the principle of subsidiarity, giving national parliaments more say in the EU and cutting Brussels red tape. They are also keen to discuss restrictions on immigrants' rights in order to fight welfare abuses. As regards the British opt-out of an "ever closer union," though, the Dutch, contrary to the Brits, perfectly understand that the phrase can be interpreted in a flexible manner and allows some states to deepen integration while letting others who do not wish to do so to not integrate further.

Although the Netherlands will do much to secure compromise with London, it also has its own "red lines." One is efficiency in eurozone decision-making, which the Dutch treat as central to EU integration. Such efficiency could be hampered by giving the UK the possibility to block EMU decisions if it were granted the postulated binding safeguards. Moreover, such a solution would require a treaty change, which is a second Dutch red line, as this would probably entail a national referendum with results—in view of the rise of Eurosceptic forces—that would be far from guaranteed.

Between Unity and Flexibility. Although the Dutch presidency has committed itself to "make connections" among Member States, it might end up on a collision course with some of them. The refugee and Schengen crises have highlighted fundamentally differing approaches to European values such as solidarity or the principle of sovereignty.

But division lines might appear on more fronts. During their presidency, the Dutch will put special focus on the quality of the institutional dimension of governance in the EU. In the first half of 2016, the Netherlands will host a seminar on fundamental rights and the rule of law where Member States, EU institutions and the Council of Europe will exchange views of current developments. The presidency intends to include its own parliamentary motion on systematic assessments of Member States coupled with a sanctioning mechanism. The latter might find opposition from Poland and Hungary, which have lately found themselves in the spotlight over EU Commission's concerns about the rule of law in their countries.

Aware of this while also calling for common EU responses and trying to preserve the EU in its current shape, the Dutch remain politically "pragmatic." It might thus be expected that in facing obstruction from Member States and Eurosceptic pressures domestically, the Netherlands will not seek unity and solidarity at all costs, but only to a certain point, beyond which it might turn to preserving its own interests within a group of like-minded partners. For this reason, the Netherlands has prepared a contingency plan in case of a Grexit, envisaged ways for a "mini-Schengen" and maybe even has a plan B for a Brexit. At the end of the day, the Netherlands prefers the effective and robust EU core to which it has always belonged rather than a stagnant and feeble wider bloc that muddles through crises with half-crafted solutions.

Turning to the use of enhanced cooperation in the absence of EU-wide consensus is likely to be more common in the future. While it might speed up ambitious policy solutions to which other, more reluctant states might later join, it might also undermine the cohesion of the EU and create clubs of competing interests. One thing for certain is that in the coming years the Netherlands might play a significant role in shaping the future of the EU, and this presidency will be a taste of it.