

Small States Differentiated Integration

Luxembourg

Produced by: Anna-Lena Högenauer
Presented by: Christophe Lesschaeve

European Integration

Differentiated Integration

- Historic steps towards European integration
 - Legal integration status
 - 1952: Luxembourg was among the founding members of the European Coal and Steel Community
 - 1957: It was also a founding member of the European Economic Community and Euratom
 - It does not benefit from any opt-outs
 - Economic, social and cultural integration
 - As a small state, Luxembourg is heavily dependent on trade in goods and services.
 - The economy has therefore benefitted from the four freedoms (goods, services, capital, workers) and Schengen (open borders).
 - Historically, Luxembourg relied on customs and economic unions with other states long before EU integration (e.g. the Zollverein with Prussia until 1836, or the economic union with Belgium after 1922, Benelux Union from 1944 onwards)

The National Administration and EU Affairs

- Who is responsible in the government?
 - The Ministry for Foreign and European Affairs is responsible for the coordination of EU policy in Luxembourg
 - Within this Ministry: the Direction des affaires européennes et des relations économiques internationales is responsible for the coordination of EU affairs within the interministerial committee for the coordination of European affairs.
 - However, each Ministry is responsible for the implementation of EU policies that fall under its area of expertise and has to formulate the Luxembourgish position on new legislative proposals
 - In many ministries, there is no clear division between European and national files. Rather Directors have to handle both. Therefore the administration is relatively europeanized.
 - Permanent Representation in Brussels is the biggest diplomatic mission abroad, containing both diplomats and national experts. It cooperates closely with the Ministries (which is easy due to the close geographic distance – 2 hours by car, 3 by train)
- Parliament:
 - The Committee for International and European Affairs also plays mainly a coordinating role and is responsible for general political issues, whereas sectoral committees are expected to also discuss new EU legislation that falls into their areas of expertise.

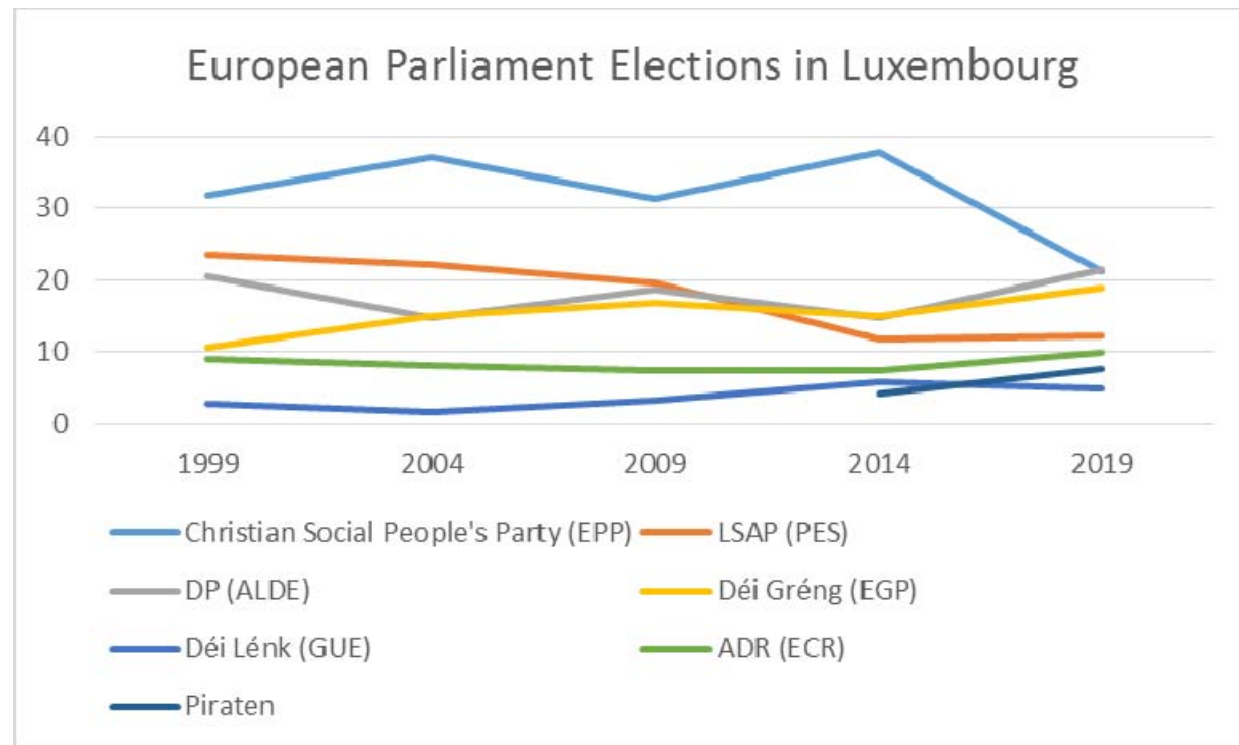
European Integration

Differentiated Integration

- Decision shaping and policy making
 - The government usually takes decisions (after consultation with parliament, where appropriate).
 - Other stakeholders don't officially have access to decision-making
 - However, the financial sector (banks, funds, the insurance industry) is of course taken under consideration, as are key employers like the steel producer Acelor Mittal.
 - The financial sector is organized both in a range of national (ABBL - banks, ALFI – funds, ACA – insurers) and European organizations. At least some of the national associations have a European office (e.g. ALFI)

European Integration National debates (1)

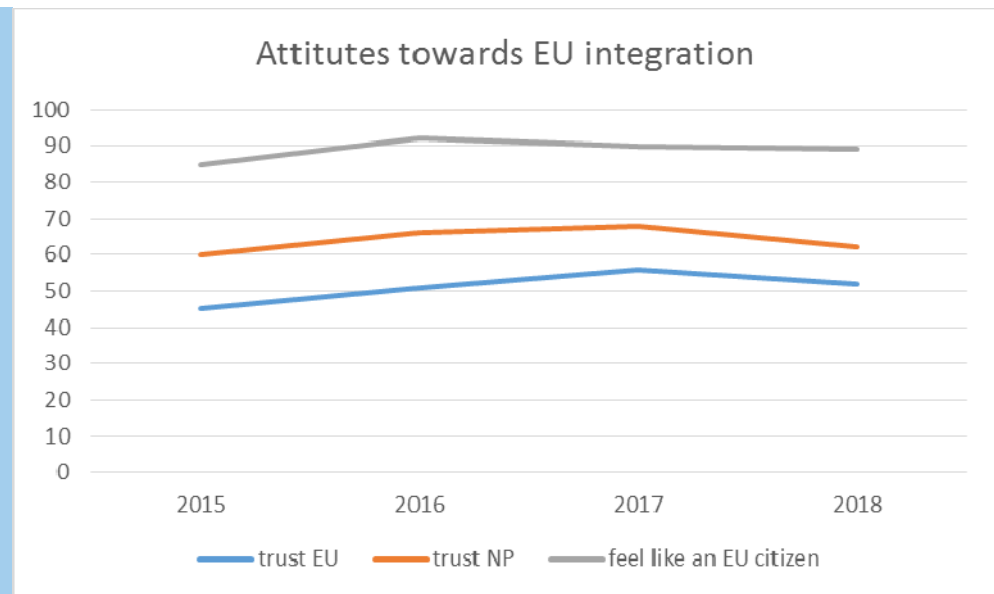
- All parties are relatively pro-EU
- Only Déi Lénk and ADR are Eurocritical



European Integration

National debates (2)

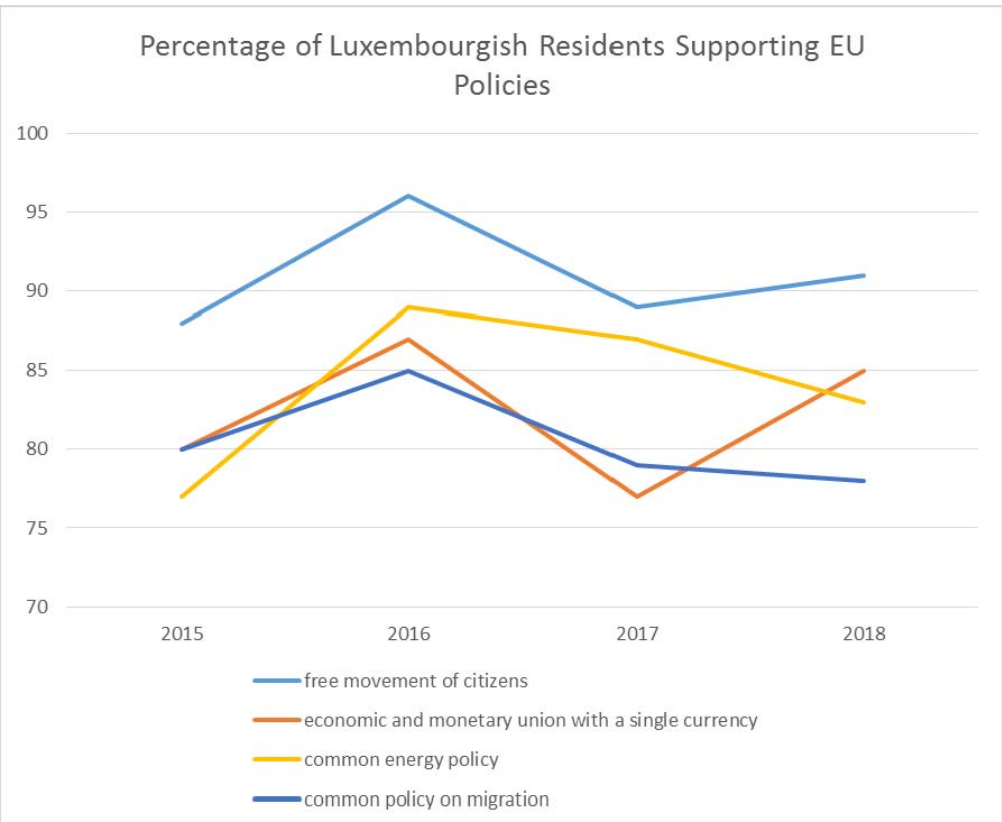
- The national debate on European integration
 - Luxembourg one of the most pro-EU countries in Europe
 - None of the parties lobbies for Lexit.
 - It is generally accepted that EU membership is vital for Luxembourg.
 - But people also feel European
 - What are the main topics discussed – for and against EU integration
- Popular topics
 - Climate change
 - Immigration (from outside the EU)
 - Digital economy
 - The financial sector
 - Social policy



European Integration

Free movement, Four Freedoms

- Luxembourg is strongly supporting all four freedoms (goods, services, capital, citizens)
 - It strongly relies on EU workers (48% of the residents are foreign, mostly European; + almost 200.000 cross-border workers)
 - Big and international financial sector
 - Needs cross-border trade in goods and services
- What are the most controversial issues?
 - The four freedoms are uncontroversial.
 - Controversial issues are related to tax harmonization and financial regulation, where the government seeks to protect the economy.



European Integration Conclusions

- Future trajectories
 - Luxembourg is generally supportive of EU integration (and more EU integration) and that is not likely to change.
 - Areas where more integration is supported are, for example, migration, social policy and defence policy.