THE NETHERLANDS IN A CHANGING EU, NATO AND UN

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Foreword

On 4 June 2004, the government asked the Advisory Council on International Affairs (AIV) to produce an advisory report on the position of the Netherlands in a changing EU, NATO and UN. The report was prepared by a joint committee that was chaired by Professor F.H.J.J. Andriessen and consisted of the following members of the AIV: Professor M.G.W. den Boer, Dr W.F. van Eekelen, H.Kruijssen, F. Kuitenbrouwer, F.D. van Loon, H.C. Posthumus Meyjes, Lt. Gen. H.W.M. Satter (retd.), J.G. van der Tas, General A.K. van der Vlis (retd.) and E.P. Wellenstein. W.G. van Hasselt, M.W.J. Lak and D.E.A.M. Seroo, all of the Strategic Policy Planning Unit (SPL), acted as official liaison officers. The executive secretary was P.J. Genee, assisted by trainees M. Bussink and S. Narain.

In response to a request for advice dated 4 June 2004, the AIV submitted a separate report on the reform of the United Nations in May 2005.[1] A large number of the issues in the present report that relate to the UN are dealt with there. To avoid duplication, readers of the present report are therefore referred to Advisory Report No. 41 wherever appropriate.

The AIV finalised this report at its meeting on 8 July 2005.

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1   See *Reforming the United Nations: a closer look at the Annan Report*, AIV Advisory Report No. 41, The Hague, May 2005.

I   Shifts and uncertainties in the global context

This chapter provides a general outline of the context in which the forums referred to in the request for this report will have to operate in the years to come. This global context has changed radically since these bodies were set up in the years following the Second World War. The AIV does not claim to provide within the scope of this report a complete picture of the nature, extent and implications of the changes that have occurred in key areas over the past few decades. Instead, it will focus on what it sees as the issues of greatest relevance to this report, namely the rapid recent shifts that have taken place in various areas, and the increased uncertainties that these shifts have created. These issues are the subject of this chapter.

We are now witnessing substantial shifts and growing interdependence, particularly owing to the ever greater integration of the global economy. Together with demographic, ideological and technological changes, globalisation has had a major impact in terms of security and political strategy. There have also been serious implications for climate, health and the environment. At the same time, there is an increasing degree of organisation at international level. The number, membership and topical scope of international organisations have grown dramatically, although the level of commitment involved varies greatly. Over the last fifty years the international community has created a gradually expanding multilateral structure of both formal and informal international institutions and treaties in order to organise relations and tackle problems. The EU, NATO and the UN are major pillars in this structure. Another important factor is the role that non-state actors, the private sector and civil society have come to play in this international network – often in formal or informal collaboration with governments. The question is to what extent the existing array of instruments is sufficient to cope with the challenges of the twenty-first century, outlined below.

I.1   Globalisation

Globalisation – the process through which more and more areas of economic, cultural and other social activity are conforming to international standards – is the main driving force behind the rapid changes that are currently taking place in the world.[2] Information and communication technology such as the Internet and the continuing liberalisation of world trade have rapidly made the world smaller. More and more restrictions on movement across borders have been eliminated. This process entails both opportunities and risks for citizens, governments and businesses. As one of the world's dominant forces, globalisation has often also increased the differences within and between countries. Furthermore, the mass media have made this process visible to the whole world. Globalisation has considerably increased interdependence and reduced the

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2   The *Journal of International Studies 2004* defines globalisation in the following way: 'The operation of businesses on a global rather than a national level; the ease with which individuals and groups can communicate and organise across national frontiers; the global transmission of ideas, norms and values that might erode national cultures in favour of a broader global culture; the increasing participation of states in international political, economic and military organisations; the spread of particular forms of political institutions, such as representative democracy, to vast areas of the globe; and the increasing participation of individuals from multiple countries in international NGOs. Globalisation, therefore, is a vast, multifaceted enterprise.'.

importance of distance. The process has had an impact in many different areas, from international finance and the economy to politics, security, the spread of health hazards, climate and the environment.

I.2   The financial sector

The globalisation of financial markets has brought about rapid changes in the structure of the world economy and has opened up new opportunities for dynamism and growth, but may also pose a threat to the stability of economies. The international market for savings – the financial market – is now probably the most globalised and liberalised of all. However, despite the great benefits it has brought, it has also been shown to undermine economic stability. Coupled with the fragility of the domestic financial sector (banks with numerous bad debts), the unpredictability of foreign capital flows can cause serious damage in developing, fast-growing economies, which have proved incapable of responding adequately.

Another recent cause for concern is the growth of America's trade and budget deficits (the 'twin deficits'). Since domestic rates of saving are extremely low, the budget deficit largely has to be financed from abroad. The US is already using about 80% of global savings for this purpose.[3] China and Japan, in particular, have been using their huge export earnings to buy up many of the bonds issued by the US government. As a result, the US is getting further and further into debt. The question is whether persistent economic growth in the US can ensure that the necessary adjustments take place gradually enough to prevent the monetary instability that could result if the dollar were to decline rapidly in value. In early December 2004, following persistent rumours that China and other countries were thinking of diversifying their reserves, the former chairman of the US Federal Reserve, Paul Volcker, stated that the United States was increasingly dependent on foreign capital.[4] His successor, Alan Greenspan, had already indicated at a G20 meeting that America's huge trade deficit could not increase forever.[5] The euro zone countries are also concerned at the rise in the value of their own currency against that of the dollar. This will eventually have an impact on European exports.[6] Particularly worrying is the inability to control disruptive exchange-rate fluctuations. The G7's coordination mechanism, never very effective at the best of times, has now broken down completely.

I.3   The global economy

Globalisation has led to major shifts in the balance of economic power. Since the 1980s a number of Asian countries have experienced spectacular economic growth, mainly driven by booming exports and the resulting investment flows. China currently leads the field in this process. Its production and exports have expanded rapidly, and its share of world trade has risen from 1% to 6% in just twenty years; according to WTO

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3   Buttonwood, *The Economist*, 14 December 2004.

4   *NRC Handelsblad*, 26 November 2004, '*Chinese geruchten duwen dollar verder terug*' ('Chinese rumours push dollar further down').

5   'Greenspan warns trade gap cannot grow forever', 19 November 2004, <www.msnbc.com>.

6   On the other hand, a falling dollar cushions the rise in oil prices.

figures, this means that the country is now ranked third in the world.[7] China's role as a major regional power is also growing, as evidenced by recent plans to set up an East Asian economic community.[8] Another fast-growing economy is India, where growth in exports mainly comes from the tertiary sector (services now account for 50% of India's GNP).[9] Europe, whose economic potential has received an added boost with the introduction of the euro and the recent enlargement of the EU, is battling with sluggish growth and high unemployment in leading member states, as well as growing pressure from a rapidly ageing population, which will eventually place a great burden on its welfare states. As long as the various markets within the EU – especially the labour market and the service sector – fail to integrate properly, it is likely that economic growth in Europe will continue to lag behind that of the US and hence that Europe's relative position will decline.

I.4 North-South contrasts

In Asia and in other parts of the world that are managing to keep pace with the globalising economy, such as Brazil, Mexico and Turkey, rapid economic growth is enabling millions of people to escape from abject poverty. However, in Africa and in other parts of the world that for one reason or another have failed to keep pace, economic growth is stagnating. Africa remains a stricken continent. Internal conflicts that had been 'frozen' during the Cold War thawed out again after the fall of the Berlin Wall, and Africa fell prey to often protracted civil wars. The report by the Panel of Eminent Persons to the UNSG in December 2004 indicated that poverty, and the gulf between rich and poor, are among the main underlying threats to security. Yet, despite all these changes, the West is more prosperous than ever.

I.5 Politics

Major shifts have also occurred, and continue to occur, in global strategic power relations. The bipolar power structure that had characterised relations in the world during the Cold War vanished after 1989. The old view of the world in terms of 'blocs' has now gone for good, and the former Soviet Union has ceased to be the 'enemy of the West' and a leading player on the world stage. However, despite assertions to the contrary, the bipolar structure has not been replaced by a unipolar, US-dominated world (although the United States still does have military supremacy). In general, we are instead evolving towards a world with several centres of gravity. In this connection the AIV prefers to avoid the much-heard term 'multipolarity', for it does not subscribe to the implied notion that there are various poles on an equal footing. Moreover, the AIV

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7   See <www.wto.org/english/news_e/pres05_e/pr401_e.htm>.

8   *International Herald Tribune*, 2 December 2004, 'China shoring up image as Asian superpower'.

9   Asia's share of world trade is 34.1% – only slightly less than the US and Europe put together. China accounts for 37% of Asian GNP and 21% of Asian exports. Chinese imports are falling and its exports are increasing, which makes the country a major source of growth for its Asian trading partners (Japan, South Korea and Taiwan) and of worldwide demand for industrial commodities such as oil, aluminium, steel, coal, iron and cement. China's increasingly dynamic trade is reshaping the region and the wider global economy. A large and growing number of students from elsewhere in Asia are now turning to China for economic and technical training they would previously have obtained in the US (information courtesy of Morgan Stanley and the Economist Intelligence Unit).

notes a discrepancy between political and economic developments: economic changes have not always led to corresponding political ones (at least not yet). Whereas during the Cold War there were two opposing economic and political-ideological systems, there now appears to be a quite different ideological conflict, namely the clash between tradition and modernity, both within states and between them. The Panel of Eminent Persons speaks of an 'apparently widening cultural abyss'.[10]

Since the fall of the Berlin Wall, in the absence of an obvious alternative foe and with America less and less willing to take a multilateral approach, there has been increasing mutual criticism and political estrangement between the European and American sides of the former Western 'bloc'. Admittedly, transatlantic economic relations are as close as ever and there are great similarities in basic values;[11] the American and European economies are the most closely interconnected in the world. However, Europe and America have often differed in their perceptions of twenty-first-century threats and appropriate responses to them; this was apparent in the debate on missile defence,[12] as well as after the terrorist attacks of 11 September 2001 on New York and Washington, in the run-up to the invasion of Iraq and after the Madrid bombings of 11 March 2003. Since President Bush's visit in 2005 there appear to have been serious new attempts at *rapprochement*, but it remains to be seen whether the US really does intend to encourage a more cooperative approach.

I.6 Security

The attacks on the World Trade Centre and the Pentagon on 11 September 2001 revealed that, in many countries and international security organisations, thinking about security had failed to keep up with the most immediate threats. The technological revolution has brought about great changes in communications, data processing, health and transportation and this has had implications for national borders, migration and information exchange. The use of force is no longer the prerogative of governments, states or warlords, but has in a manner of speaking been 'privatised' and 'individualised'. Small groups or networks can cause extensive damage even without support from a state. The security situation has changed fundamentally and the potential for destruction is immense, but at the same time there are new opportunities and

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10 *A more secure world: our shared responsibility*, report by the High-level Panel on Threats, Challenges and Change, 29 November 2004, UN Doc. A/59/565.

11 There has been much debate in recent years about whether Europe and America really do share enough basic values. Although there are certainly similarities between the American way of life and the way in which Europeans want to live, there are also major differences, for example as regards social security. In addition, American and European views of global issues often differ greatly. See also Peter van Walsum, *Cleveringalezing* ('The Cleveringa Lecture'), 25 november 2004, <www.nrc.nl/opinie>.

12 See also *An analysis of the US missile defence plans: pros and cons of striving for invulnerability*, AIV Advisory Report No. 28, The Hague, August 2002, p. 55. This questions whether there has been consultation between the parties, within the meaning of Article 4 of the North Atlantic Treaty, on the subject of missile defence. From the point of view of NATO cohesion it is a matter of concern that the two sides of the alliance have fundamentally different views on something the most important ally considers essential to ward off a grave long-term threat to its own security and territorial integrity.

even a new need for cooperation, since no one country can combat terrorism on its own.[13]

International terrorism, although not a new phenomenon in itself, is not only a threat to the stability of free, democratic societies in the West and elsewhere, but also to globally integrated economies.[14] In this connection, religious terrorism, the chief goal of which is to destabilise and dislocate the Western world, is exceptionally difficult to tackle. According to the Panel of Eminent Persons, the armed non-state network Al Qaeda is a threat to all the members of the UN and to the organisation as a whole.[15] The UN Charter was drawn up in response to security threats from states: 'war was on the minds of the UN's founding fathers, terror was not.'[16] International terrorism has added a new and complicated dimension to issues of peace and security. In the words of the Panel's December 2004 report, 'we know all too well that the biggest security threats we face now and in the decades ahead go far beyond states waging aggressive war.'[17]

The continuing proliferation of weapons of mass destruction and their delivery systems gives this phenomenon an additional urgency. The UNSG has likewise referred to the serious implications of a terrorist attack with chemical, biological or nuclear weapons, which would change our world forever.[18] Continuing nuclear proliferation has confronted the international community with the failings of the current non-proliferation regime, whose cornerstone is the Nuclear Non-Proliferation Treaty. First, there is a risk that states may use the treaty regime as cover for the development of a fully fledged nuclear weapons programme. In this manner, the objective of peaceful nuclear cooperation could undermine the treaty objective of non-proliferation. Second, there is a risk that the treaty regime may be eroded or even destroyed by non-compliance with treaty obligations, possibly leading to further proliferation.[19] The AIV is currently producing a separate advisory report on these issues.

I.7 Environmental problems and health hazards

Another problem that all multilateral efforts have so far failed to address adequately is the environment. This was scarcely a recognised issue when the UN and the EEC were set up. It was Sweden that first took the initiative in this area by holding the first UN

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13 See also the report by the Panel of Eminent Persons, UN Doc. A/59/565, pp. 15 *et seq*.

14 According to World Bank figures, the attacks of 11 September 2001 cost a total of USD 80 billion.

15 Report by the Panel of Eminent Persons, UN Doc. A/59/565, p. 41.

16 Newton R. Bowles, *The diplomacy of hope: the United Nations since the Cold War*,
    I. B. Tauris & Co. 2004.

17 See also footnote 10.

18 See *In Larger freedom*, UN Doc. A/59/2005, p. 26.

19 UN Doc. A/59/565, pp. 34 and 35.

Environment Conference in 1972. This led to the establishment of UNEP.[20] The next twenty years saw the signing of various conventions on nature and the environment. In 1992 the spectacular Rio Conference resulted in the UN Framework Convention on Climate Change, which eventually led to the specific targets for carbon dioxide emissions set out in the Kyoto Protocol. A great deal has been achieved in the three decades since 1972, but huge problems – global warming, water shortage, erosion, pollution and questions of distribution – remain unsolved.[21]

The globalisation process, which has led to greater mobility of persons as well as trade in animals and animal products, has also increased health hazards due to communicable diseases. WHO has managed to prevent the further spread of the SARS virus, and hence thousands of human deaths. An effective global early-warning system is essential here.

I.8   Raw materials

Demand for oil and gas has greatly increased, and there is increasing competition between customers for them. In addition, there is great regional concentration: more than half of the world's oil supplies are in the Middle East, and Russia is also a major energy supplier. With present technology, alternatives such as solar and wind energy are not yet capable of making up for future shortages. In short, the prospect is that the West – Europe is the biggest importer of energy, and increasingly has to compete with other importers such as the US, China and India – will be more and more dependent on oil supplies in the Middle East and elsewhere. This is one reason why the nuclear energy debate has recently revived in Europe. Water may also become a problem in the future, particularly in regions where drinking water is scarce, such as the Middle East.

I.9   Reduced primacy of the state

The role of the nation-state is changing. The absolute nature of sovereignty is being challenged, for example in connection with the doctrine of humanitarian intervention and the debate on pre-emptive strikes. However, there is also another phenomenon at work, namely the growing role of non-state structures on the world stage – in particular the private sector, which is now to a large extent international (quite apart from the well-known major multinationals) and is bringing its influence to bear in numerous international organisations. Other civil society organisations, such as NGOs, have come to play an important role in international organisations' policymaking processes. At the same time, supranational and 'sub-sovereign' structures (such as regions that now share power with central government) are now increasingly important at international level. At the subnational level, international cooperation in informal international net-

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20 The United Nations Environment Programme.

21 Newton R. Bowles, *The diplomacy of hope: the United Nations since the Cold War*,
    I. B. Tauris & Co., 2004.

works is creating a less visible, but influential and effective, form of 'global governance'.[22] The mass media are also a major factor.

I.10　The global structure and its limitations

The multilateral structure within which we are accustomed to organise our relations with other states has greatly expanded since the Second World War in terms of numbers, scale and influence. The OEEC (now the OECD), the ECSC (later the EEC and now the EU) in Europe, NATO and the UN were set up at that time, as were many other treaty organisations and multilateral institutions such as the World Bank, the IMF and GATT (now the WTO). The multilateral structure has increased in both size and influence. Apart from formal constellations there are also important informal groupings of countries, such as the G8 (and to a lesser extent the G20). However, this entirely government-based structure has its limitations, as the following chapters will make clear. America's increased aversion to multilateral solutions is a key factor here, as is the increased need for cooperation with civil society.

The overall picture is thus one of major parameter shifts in a changing global context and amid emerging multilateralism. These processes – which are still far from complete – are leading to greater uncertainty in the three most important areas: (1) prosperity and welfare, (2) security and stability, and (3) global issues such as climate, health and the environment, and water and energy supplies. This forms the backdrop for the description of these forums in the following chapters and for the main question in this report: how effective are the multilateral institutions, and how do they affect the position of the Netherlands?

22 An overview of such international networks operating in numerous areas (including organised crime, terrorism, human rights, the environment, finance and trade) is provided by Anne-Marie Slaughter in *A new world order*, Princeton University Press, 2004.

II The European Union

II.1   Introduction and issues

With regard to the EU, the request for advice focuses on the new reality of a 25-member EU, in particular the 'core group' phenomenon. In view of current developments, the AIV feels it is useful to provide brief background information indicating where the Union is at present (II.2) and then describe the main risk factors (II.2.1) and policy challenges (II.2.2) that face it, before turning to the question of core groups. The results of the Dutch referendum of 1 June 2005 on the Treaty establishing a Constitution for Europe ('the Constitutional Treaty') must, of course, be taken into account here.

The core group question will be discussed in Section II.3. In this context, the government has requested advice not only on enhanced cooperation under the terms of the Treaty, but also on the establishment of other, more informal core groups. The government has asked the AIV to identify the policy areas in which the Netherlands could usefully join an informal core group, as well as the best partner countries in each specific case. Are there topics on which the Netherlands should itself initiate enhanced cooperation and/or the establishment of an informal group? What role can cooperation between the Benelux countries play here? How can the Community method be preserved, and how can inclusivity be encouraged? How should and can votes be weighted in connection with enhanced cooperation, in view of the provisions on structured cooperation?

II.2   Background

A broad agenda and legislative powers
Among the many multilateral organisations that were created after 1945 – in Europe and elsewhere – the European Communities occupied a special position from the outset. Unlike, for example, the OEEC (the predecessor of the OECD), the WEU and the Council of Europe, the bodies that made up the ECSC already had their own legislative and administrative powers, independent of those of the member states, and their own funding. This system, composed of the European Commission, the Council (in practice, the various Councils of Ministers), the European Parliament and the European Court of Justice (and later the European Council of heads of state and government), still forms the institutional structure of the European Union. Initially – despite having a clearly political inspiration and objective from the very start – it was restricted to economic integration (although this branched out into such areas as social, technological and environmental policy), but its ambitions were extended by the 1992 Treaty of Maastricht to include Economic and Monetary Union (which currently involves twelve member states but is open to all of them), the Common Foreign and Security Policy (CFSP) and cooperation/integration on cross-border police and judicial matters.

Interlinkage and detachment
As far as EU member states are concerned, the policy of the Union has long since ceased to be foreign policy. Almost all their ministries have to deal with it, and hence almost all their ministers and, increasingly, prime ministers in their capacity as members of the European Council. Such administrative and personal interlinkage is unique in the multilateral world. One thing that makes it so unique is that the ministers of the member states, as members of the various Councils of Ministers, constantly share

responsibility for running the Union. Accounting to their own parliaments for their European policy, and expressing and explaining it to their citizens in political terms, is an important part of that task.

In most member states, including the Netherlands, this unique political interlinkage has long been at odds with an ever-increasing detachment on the part of national parliaments – and even more so on the part of the national media and citizens – from the EU legislative process, despite the fact that this has a direct impact on day-to-day life in the member states. National parliaments are only involved in the process at a late stage – namely when European directives that national ministers have helped draw up are implemented in the member states. The resulting gap is a threat to the legitimacy of European policy. The introduction of direct elections to the European Parliament in 1979, coupled with the abolition of 'dual mandates',[23] was a key factor here. The AIV will return to this in Section II.2.1 when discussing the referenda on the Constitutional Treaty.

A stabilising factor in the region
The economic and social progress made possible by the process of openness and market integration is of inestimable value to this country. Perhaps even more important is the fact that this group of neighbouring European states, once the scene of so many devastating conflicts, has now become a zone of security, stability and shared values and interests. In the light of all this, the recent accession to the EU of ten new member states, eight of them in Central and Eastern Europe, should be viewed as an extremely favourable development. Since the events of 1989 the Union has thus done a great deal to promote stability and prosperity in this part of the world, although its failure to ensure the orderly, peaceful dissolution of the neighbouring former Yugoslavia by its own efforts was a harsh lesson.

A global player
The EC/EU has never restricted its policy to internal issues. The EC immediately played a major part in world trade negotiations, first in GATT and now in the WTO, and together with the US it continues to do so. It has also played a global role in development cooperation, particularly through its association agreements with many of the poorer developing countries. That remains true in the current Doha Round, especially as regards relations with developing countries concerning the liberalisation of world trade in agricultural products. Alongside internal factors, this process is compelling the EU to carry out far-reaching reforms of its Common Agricultural Policy. In recent years, major steps have been taken in this direction and far-reaching proposals (for example in connection with sugar) have been considered. The EU is also a major international player in the fields of human rights and the environment, although often not a party in the formal sense.[24]

Recent developments concerning the CFSP and the European Security and Defence Policy (ESDP) should also be mentioned here. A good deal has been done in recent years

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23 Dual mandates: members of the European Parliament were drawn from national parliaments.

24 The EU is not a regional organisation within the meaning of Chapter VIII of the UN Charter, nor is it generally a party to treaties in its own right. However, EU member states – jointly as well as in smaller groups – play a leading role on the international stage.

as regards both institutional embedding[25] and strategy development,[26] including the establishment of the Political and Security Committee and the appointment of Javier Solana as the Union's High Representative for External Affairs. The EU has also pursued an active foreign policy through its Special Representatives (for the Great Lakes Region, for example). However, the fact that the CFSP is subject to unanimous decision-making has been a serious brake on its speed and effectiveness.[27] In the military context, the EU will not aim for a common defence policy in the foreseeable future (although there is a theoretical possibility that the European Council will reach a unanimous decision to this effect). EU activities will therefore consist of peace support operations in accordance with the 1992 Petersberg tasks. As regards military capacity, there have also been attempts (the Helsinki Headline Goals and other initiatives) to bring European defence capacity further up to standard.[28] The Berlin Plus arrangements allow the EU to make use of NATO resources, but have so far proved difficult to implement in practice.

25 New security policy agencies have been agreed on and are already operational: the Political and Security Committee, the Military Staff, the Planning Unit, the Armaments Agency, the Military Committee and the Situation Centre, not forgetting Javier Solana's post as the Union's High Representative. On 12 December 2003 the 25 member states also reached agreement on a European Security Strategy (*A secure Europe in a better world: European security strategy*, adopted at the Brussels European Council), which lays down the guiding principles for the CFSP.

26 Among other things, the European Security Strategy makes the following statements about this:
   • 'In an era of globalisation, distant threats may be as much a concern as those that are near at hand. The first line of defence will often be abroad.'.
   • 'We should be ready to act before a crisis occurs. Conflict prevention and threat prevention cannot start too early.'.
   • 'Our security and prosperity increasingly depend on an effective multilateral system. We are committed to upholding and developing international law. The fundamental framework for international relations is the United Nations Charter.'.

27 Since the Treaty of Amsterdam came into effect it has been possible to implement a unanimously agreed strategy on the basis of majority decision-making. However, no use has ever been made of this, or of the opportunity for constructive abstention.

28 See, among other things, *Military cooperation in Europe: possibilities and limitations*, AIV Advisory Report No. 31, The Hague, April 2003. In a May 2004 study entitled *European defence: a proposal for a White Paper*, an independent task force concludes on behalf of the EU's Institute for Security Studies (ISS) that (1) the EU does not have sufficient capability for rapid and sustainable deployment, (2) intervention by the Union at the upper end of the spectrum of force will entail a serious risk of EU casualties, (3) the Union lacks a conceptual approach when it comes to the transformation of its armed forces, which is needed in order to counter 'new threats', (4) the EU has no operational framework for distant large-scale operations, (5) the military and technological gap between the US and Europe has widened considerably, with implications for interoperability, (6) 'homeland defence' is still in its infancy in Europe, and (7) partly owing to the limited extent of its space programme, Europe suffers from a strategic deficit.

II.2.1 Risk factors

Despite undeniable successes, the Union faces a number of serious problems that cast a shadow over its further development and could even jeopardise what it has achieved so far. The AIV draws particular attention to the following factors:

- The recent large increase in membership is a major burden on the Union's cohesion and ability to reach decisions. It will be difficult to maintain the existing level of flexibility and solidarity between the member states.
- Some large countries have shown themselves unwilling to abide by the agreements regarding excessive budget deficits and the Stability Pact.
- The huge increase in the Union's sphere of operation, together with the lack of transparency in its decision-making processes and the great distance between its institutions and its citizens, has given rise in the public mind to counter-currents which may seriously undermine support for the EU (the AIV refers once more to the referenda on the Constitutional Treaty). In this respect the Union is a victim of its own success. There are frequent calls for 'less Europe', despite the acknowledgement that in a number of areas (such as foreign policy, migration and refugees, terrorism and crime) what we in fact need is 'more Europe'. This has resulted in uncertainty about what course to pursue and what central goals the member states should jointly seek to attain. Apart from the recent decisions about the new European Commission, there has so far been a failure to raise the public debate to a truly European level and thereby help create a Europe-wide arena of public opinion and gradually enhance citizens' sense of belonging to a close-knit community.[29]
- Even though the Union's cohesion and ability to act essentially depend on maintaining and, ideally, strengthening the Community institutions, there is an increasing tendency to resort to intergovernmental methods. The AIV has repeatedly called for this trend to be reversed, but this is proving more and more difficult.
- There is a persistent failure to find lasting solutions to old problems such as the funding of the Union. Although the EU budget cannot be compared to that of a nation-state (since it only covers a limited number of policy fields), it is clear that the Union's spending pattern is not well geared to future needs. By far the greater part of the more than 100 billion euros in the EU budget still goes to agriculture and regional policy, sectors of great importance to most of the new and old member states. There is little room in the budget, however, for such things as research, innovation and promotion of a knowledge-based economy – policy fields that are of vital importance to the Union's economic growth and competitiveness in relation to other economies. This situation, which a number of countries considerer untenable, is one of the factors that have led to the current problem of 'net contributors' versus 'net recipients'. In the AIV's opinion, an approach based on positive or negative budgetary performance is too one-sided to serve as a measure of what the integration process means for the countries involved. Focusing on this one aspect fails to do justice to the international and economic significance of the Union for net contributors, not least the Netherlands. Although there are pragmatic reasons for accepting an upper limit on net contributions by the countries concerned, the AIV does not believe this justifies the imposition of what are almost unbearable constraints on decisions concerning the financial perspectives for the coming period, which are of crucial importance to the whole of the Union. Agreement can only be reached through a combination of solidarity and awareness of the need for political backing. Such bitter recriminations among net contributors as were heard following

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29 However, the European Parliament is making use of its powers, and the Constitutional Treaty would have extended its role to all EU legislation and to the whole of the budget.

the failure of talks on this point at the European Council of 17 June 2005 are hardly conducive to a successful outcome.

- Although, as indicated earlier, the Union has already taken steps to promote the CFSP and the ESDP, it is still not fully capable of assuming an international political role commensurate with its economic power.

- All in all, European integration has gone further – in terms of both widening and deepening – than would ever have been thought possible given the fact that the final stage of the process has never been precisely defined (indeed, attempts to do so have always failed). Up to now, incremental decision-making has never been seriously hampered by the lack of a clearly defined goal. However, all this could change. The AIV feels it is quite conceivable that the crucial point has now been reached, and that the Union will be unable to proceed any further unless it defines its ultimate goal.

The above description summons up the spectre of a downward spiral, with a feeble EU pursuing an uncertain course in terms of its institutions as well as its member states. For the Netherlands, which is so deeply embedded in European structures and so dependent on what goes on in its European environment, this is not a reassuring prospect, especially in view of the challenges outlined in Chapter I.

The member states are perfectly aware of these risks. The Convention, which was convened in order to devise a more effective, transparent institutional structure for the rapidly expanding Union and involved members of the European Parliament and national parliaments as well as representatives of governments and civil society organisations from all 25 member states, was a completely new approach. The Convention achieved some of its aims by proposing reforms that culminated in the Constitutional Treaty. The Treaty contained improvements designed to make the governance of a 25-member Union more transparent and effective.[30]

Of particular importance in bridging the gap faced by citizens in the member states was the Treaty provision that gave national parliaments the job of deciding, before the European legislative process got under way, whether proposed legislation at European level was really necessary or whether, in accordance with the subsidiarity principle, national legislation would suffice. If a large enough number of national parliaments were opposed to an item of European legislation, this would create a blocking minority that would compel European legislators to reconsider how the relevant powers should be allocated.

Another feature designed to make the European legislative process more transparent was the provision that the Council of Ministers, acting as legislator in accordance with

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30 The improvements contained in the Treaty included: extension of the Community method to police and judicial cooperation (with some exceptions); considerable extension of qualified-majority voting so that the Community method could operate more effectively; incorporation of most decision-making procedures on European legislation into a single formula that would be clearer and simpler than the present weighting of votes in the Council of Ministers, and with the European Parliament always involved as co-legislator; more flexible forms of structured cooperation that would encourage the formation of core groups within the CFSP, although this area would essentially remain intergovernmental; and the creation of the new post of Union Minister for Foreign Affairs, with powers combining those of the present High Representative for the CFSP and the European Commissioner responsible for external relations.

the Community method, would deliberate and vote in public, so that the media (and national parliaments) could monitor the process. The European Parliament would also have had a say on the full range of legislative and budgetary issues – and particularly agricultural policy – which would also have made for more transparent democratic accountability.

Following the referenda in France and the Netherlands, it is unclear whether these and other improvements can be introduced on schedule in 2007. As this report goes to press, it is impossible to predict how the Union's heads of government will tackle this problem. In the coming period the EU will have to manage with the provisions of the Treaty of Nice, and swiftly make clear that the lessons of the referenda have been learned, particularly as regards the now yawning gap between the EU and its citizens.

II.2.2 Policy challenges

In view of all this, the AIV believes that the most immediate challenge is the political gap referred to above, rather than any substantive aspect of EU policy. Particularly given the policy challenges that face the Union, there is now a more urgent need than ever to find ways of bridging this gap. The AIV plans to examine this issue in the near future.

For the purposes of this report the AIV will confine itself to the observation that the Constitutional Treaty contained ideas that can help bridge the gap. These ideas could be put into practice on a voluntary basis. For instance, it could be agreed that national parliaments will be notified immediately of all proposed European legislation and invited to submit it to the subsidiarity test, so that any negative findings can be made known in good time – and publicly – to the Union's legislative authorities. The European Council could also request the specialised Councils to deliberate on legislation in public, not in proforma sessions but in precisely the same way as legislative work is carried out in individual member states. Such measures could give the political debate on European policy in 'distant' Brussels and Strasbourg an urgently needed counterpart in national political arenas, with monitoring by national media. However, the AIV is well aware that these suggestions, however useful, are not sufficient to solve the multifarious problem of the gap between citizens and Brussels.

Particularly in view of the context outlined in Chapter I, the AIV feels that the main policy challenges facing the Union (for the time being under the terms of the Treaty of Nice) are in the following areas:
- prosperity and welfare: sluggish growth in leading member states, together with high unemployment, a rapidly ageing population and an ultimately top-heavy welfare state;
- security and freedom: the threat to Europe from international terrorism, which internally requires enhanced cooperation on intelligence, criminal investigation and judicial matters, contingency planning, homeland defence and, in general, effective links between internal and external security, and which externally calls for more effective, decisive foreign policy (on which European countries are still not sufficiently capable of working together); these issues in relation to the US; instability in neighbouring regions, not only in the Balkans but also to the South (Africa).
- global issues: uncertainty and increased dependence, with regard to energy supplies and environmental threats, call for constructive use of the EU's potential, as do issues relating to world trade, development cooperation, and the effectiveness of the UN system and the international financial institutions.

A brief topic-by-topic discussion, indicating the main priorities, is provided below.

a) Prosperity and welfare: improvement of Europe's economic position
Lack of growth and budgetary problems in leading euro-zone countries have implications for the living standards of all Europeans. Unless the right measures are taken, international competition and an ageing population will make the European socioeconomic model unaffordable. The aim of the Lisbon Strategy announced by heads of government meeting in Lisbon in 2000 – ambitious reforms at both national and European level to create an effective internal market for research, innovation and education – was to make the European Union 'the most dynamic and competitive knowledge-based economy in the world' by 2010.

Five years down the line this goal has proved far too ambitious, according to various critical studies including an advisory report by the Dutch Social and Economic Council (SER) dated 18 June 2004.[31] The method chosen when drawing up the Lisbon Strategy in 2000 was 'open coordination',[32] since the bulk of the strategy depended on reforms being carried out in and by the member states, sometimes with profound implications for social welfare systems, and always dependent on parliamentary backing. Although such reforms could be formulated at EU level, they could not be directly influenced or enforced. What followed was a rapid proliferation of subsidiary goals that obscured the main ones: growth and employment.

The European Council of March 2005, acting on recommendations from the high-level group chaired by Wim Kok, rightly decided to focus on the main goal once more. However, this has still not closed the gap between the EU's ambitions and its political capabilities. In the absence of specific EU powers – which show no sign of materialising – the success of the Lisbon Process depends on national reforms, which are strongly opposed in three large member states (France, Germany and Italy). On the other hand, many countries both in and outside the euro zone – some of them with highly developed social systems – have made good headway. The picture is therefore by no means entirely negative, a fact that should encourage the laggards to pursue the open coordination policy more vigorously.

In any case, the AIV feels in general that the EU should beware of setting unrealistic targets, as it did with the Lisbon Process. If the instruments required to attain such targets are also lacking, the general public is bound to become disillusioned. Setting unrealistic targets may seriously undermine support for the EU.[33]

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31 The SER believes that a two-track policy comprising measures by both the EU and the member states will increase competitiveness through the operation of market forces. The SER also calls for the creation of a European Knowledge Area, with free movement of students, researchers and ideas. The second track involves the member states, which are advised in the report to make the Lisbon Strategy goals a central part of their policy agendas, with the emphasis on economic growth and innovation in their social systems.

32 This involves comparing policies and approaches in the various member states so as to achieve the optimum array of instruments by a process of benchmarking and peer pressure.

33 In *The Lisbon Process: lack of commitment, hard choices and the search for political will*, Anna Michalski states that all this 'has increased the feeling that the EU is proclaiming lofty ideals and goals' that it does not seriously expect to attain (p. 34) and that 'Lisbon has become something of a litmus test for the EU's credibility as a political entity, both internally and externally' (p. 41).

b) Security and freedom

As regards internal security, much has been achieved in recent years in improving police and judicial cooperation, but there is still a great deal to be done in such areas as criminal investigation and intelligence, especially in the fight against terrorism. There is an urgent need for a joint European approach to criminal investigation, provided that there are convincing safeguards for human rights and good governance in accordance with the provisions of the European Convention for the Protection of Human Rights and Fundamental Freedoms and the Charter of Fundamental Rights of the European Union.

There is also a need for better organisation as regards the ESDP. Since this policy is mainly intergovernmental and is thus essentially in the hands of the member states, there is no reason why member states with powerful operational resources should not join forces in order to generate greater strike power (a form of non-Treaty-based cooperation). Decisions to deploy such resources will, of course, still have to be reached by the EU as a whole.

Attainment of all the Helsinki Headline Goals has been postponed until 2010, and the EU is now concentrating on forming a number of ca. 1,500-man battlegroups, such as were deployed in the first autonomous EU operation in Bunia in the Democratic Republic of Congo. These are an intergovernmental form of non-Treaty-based cooperation on defence by member states that are willing and able to take on greater mutual commitments. Almost all the member states, including those that can make only a limited, specialised contribution, are involved.

The coexistence of the EU battlegroup concept and the NATO Response Force could create problems. Both consist entirely of European units, but differ in their composition. Since countries cannot allocate the same units to both intervention forces at once, a rotation system will be needed, as will proper coordination. The guiding principle should be that, in operations the US and Canada agree to and are prepared to take part in, NATO is the most suitable framework for the deployment of Dutch units. However, the Netherlands may also be called upon to participate in autonomous EU operations. Both possibilities must be taken into account. In implementing the ESDP it is therefore important to take full advantage of cooperation with NATO under the Berlin Plus arrangements. Since resources are limited, unnecessary duplication of effort by the EU and NATO should be avoided. A truly independent EU defence force would require a separate command structure and headquarters. The AIV therefore advises the government to press strongly for application of the arrangements for cooperation between the EU and NATO.

The EU must also make more effort to transform its military capabilities, in line with the processes currently taking place within NATO. The fact that the NATO Response Force consists entirely of European units provides an opportunity to use the intensive training and the stringent certification process to improve Europe's military capabilities. The EU can also benefit from this, particularly via the Berlin Plus arrangements.

The EU, unlike NATO, is in the unique position of having policy instruments for both internal and external security, with a broader array of instruments than any other organisation. Priority must be given to achieving optimum synergy between these instruments. The terrorist threat has made the link between internal and external security increasingly clear. There is an increasingly urgent need for cooperation between all the agencies that are authorised to use force. This also applies to action outside the EU in the prevention, conflict and stabilisation phases. The new threats, which are acknowl-

edged by the EU as well as the US, certainly require a transformation of military capabilities, but cannot be countered solely by military means. Accordingly, the AIV advises the government to press strongly for clear arrangements between NATO, the EU and the UN, so that it is quite clear, at least for planning purposes, who is able and willing to take action, under what circumstances, and with what resources. European units must in any case satisfy the same criteria for training, deployability and operational procedures, regardless of the framework in which they are to be deployed.

c) Global issues
The EU is a major player on the world stage in many different areas. Its informal influence in international negotiation arenas is considerable. In the field of human rights, for example, the EU's voice may be decisive. The united force of the EU member states is also a significant factor in the WTO and the international financial institutions, and one that is sometimes underestimated. The EU likewise has an important part to play in the current debate on UN reform. It is striking that the EU's outlook as expressed in the European Security Strategy document is very similar to the one set out in the report by the HLP and the subsequent report by the UNSG. In this context, the AIV sees a lasting and indeed growing role for the EU, which it can perform in a self-confident, constructive manner.

The AIV believes that, particularly given its long-established ties with African countries (as reflected in numerous association agreements), Europe must remain involved in Africa's problems, first and foremost through development cooperation. It is important for all EU countries to meet their commitment to devote 0.7% of GNP to development cooperation and to achieve that level with a certain period. The AIV is pleased to note that on 24 May 2005 the EU member states jointly agreed on an interim target of 0.56% of GNP, with an ultimate target of 0.7% in 2015.[34] Aid to Africa does not just mean financial aid, but should also include further liberalisation of world trade and support for programmes and activities aimed at strengthening and maintaining good governance, including respect for the rule of law and human rights. The conflict-ridden African continent is likewise in great need of military support, for example in building up regional and subregional capacity for peace operations. The AIV recommends that the EU step up its efforts in this area. Another problem for African countries is funding the deployment of regional peace forces. Regional peace missions do not normally qualify for UN funding. The AIV recommends that the EU press within the UN for UN-mandated African regional peace missions to be funded from the UN budget for peace operations.

The EU will have to develop an active policy to secure energy supplies. Numerous studies have indicated that its energy dependence will greatly increase in the coming decades. Not only the Middle East but also Russia, the Caspian region, the Caucasus and Central Asia will play an increasingly important role in the transit and/or supply of fossil fuels. This means that the Union has a major interest in the security and stability of the region and in good relations with the countries concerned in order to ensure safe and secure supplies of oil and gas (including extraction, export and transit). Any interruption in supplies would not only cause the Union great economic damage, but would also confront it with serious dilemmas with regard to this part of the world. In this connection it is very important that the EU be involved in major infrastructural and

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34 See <www.europa.eu.int>. The European Commission welcomes Council's decision to set new ambitious targets for development aid' (IP/05/598).

other projects in the field of energy and decisions concerning such projects, in order to secure its own energy supplies. In particular, the construction of pipelines in Ukraine and Georgia is of strategic importance here.[35] In view of all this, the debate on nuclear energy may rapidly revive in Europe. The AIV calls for a European policy debate that takes all these elements into account, and also refers to an advisory report on energy security that is currently being drawn up in collaboration with the Energy Council.

Under the terms of the Treaty on European Union, the EU is responsible for pursuing a common environmental policy. Global problems of climate change are high on the European agenda. Reduction of greenhouse gas emissions remains one of the main goals, and the EU is working on legislation to comply with its obligations under the Kyoto Protocol. The EU must continue to play a leading role on the world stage when it comes to the environment.

II.3   Core groups

The questions on enhanced cooperation that were raised in the request for advice dated 29 May 2004 are discussed below. This section is based on arrangements under the existing Treaty of Nice, but also indicates the alternatives that would have been provided by the Constitutional Treaty.

Since the 25-member Union must continue to manage with the provisions of the Treaty of Nice, the unanimity requirement still applies, making it more likely that the decision-making process will grind to a halt. The rejection of the Constitutional Treaty could therefore increase the need to take action in core groups. At the same time, however, it makes it more difficult to form such groups, since the Treaty of Nice lays down more stringent requirements for doing so.

II.3.1   Enhanced cooperation under the Treaties of Amsterdam and Nice
The Treaty of Amsterdam made it possible for groups of member states to cooperate more closely. The Treaty of Nice, which entered into force in 2003, increased the scope for this: member states' right to veto the establishment of such a group was abolished, and opportunities for enhanced cooperation were extended to the CFSP (although the right of veto was maintained in that field). Enhanced cooperation was ruled out for 'matters having military or defence implications'.[36]

Enhanced cooperation requires a group of at least eight member states, as well as authorisation by the Council.[37] So far no countries have made use of this arrangement, owing to the stringent requirements that such groups have to satisfy.

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35 For more on this, see also *The European Union's new eastern neighbours*, AIV Advisory Report No. 44, The Hague, July 2005.

36 See the Treaty on European Union (as amended by the Treaty of Nice), Article 27b: 'Closer cooperation pursuant to this Title must relate to the implementation of a joint action or a common position. It shall not relate to matters having military or defences implications.'

37 In the draft Constitutional Treaty, this requirement was relaxed somewhat; any core group would have had to include at least a third of the member states.

II.3.2   Formal core groups under the Constitutional Treaty
The Constitutional Treaty would not create any substantially new powers in this area in comparison with the Treaty of Nice, but would relax the stringent requirements. The number of participating member states would have to be at least one third of the total; in the present circumstances that would mean at least nine, and after expected further enlargements ten or more. The Constitutional Treaty would also restrict the influence of core groups, in the sense that they would not be permitted to disrupt either the internal market or the economic, social or territorial cohesion of the Union.

Whereas the Treaty of Nice ruled out the formation of core groups in the field of defence, the Constitutional Treaty contained separate provisions on 'permanent structured cooperation' in the field of defence (Articles I-41 and III-309 to III-312, and Protocol 23). This was to be embedded in the CFSP and would be open to member states that had sufficient military capacity and were willing to take on specific operational commitments. The intergovernmental battlegroup concept was to be governed by these provisions.

II.3.3   Informal core groups
Apart from this, there are of course various ways for like-minded member states to work together informally in order to help along the decision-making process in specific policy areas or set an example for other member states by making further-reaching commitments. However, this last option is available only in areas that do not fall within the exclusive competence of the Community, and only where no EC legislation is yet in force. Such informal groups cannot avail themselves of Union institutions or their powers, and this will, for example, make it more difficult for the European Commission to assist them. The most informal and flexible type of such cooperation – and one that is very common in practice – is preliminary consultation between certain member states in order to steer the decision-making process in the desired direction.[38]

II.3.4   Non-Treaty-based cooperation
Another alternative is consultation and agreement between certain member states outside EU structures. Any results could be incorporated into the *acquis communautaire* at a later stage. Previous examples have included the Schengen Agreement and the European Monetary System. However, the scope for such cooperation is limited, as it can all too easily encroach on areas where authority is shared by the Union, and on the interests of other member states. In any case, countries wishing to move forward in this way have to reach binding agreements, thereby introducing a formalised element, albeit one that is not Treaty-based.

II.4   Assessment

The AIV believes that the consideration which led to the creation of opportunities for structured cooperation – i.e. the need to achieve a better balance between the demands of 'widening' and 'deepening' – has lost none of its relevance. Although no use has yet been made of these opportunities, the mere possibility that a number of member states could take things further may well have a stimulatory effect on the decision-making process. However, the question remains whether a group of countries

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38 For example, there is informal coordination between the Visegrád countries, between the 'net contributors', between the 'net recipients', in the fields of justice and home affairs, between the six founder nations and between the Nordic countries.

large enough to satisfy the requirements laid down in the Treaty of Nice could assume such a pioneering role.

The AIV does not expect formalised core groups to be set up soon, or often – the requirements are simply too stringent. Moreover, it is hard to imagine a majority of member states agreeing to be excluded from a small group for any length of time, especially if the matters the group is discussing affect the Union as a whole. It seems likely that such formalised core groups as actually come into being will be relatively insignificant or, if they do achieve noteworthy results, will be unable to remain exclusive.

Yet there are circumstances in which the creation of a formal core group could conceivably help. If such a group is being formed, the Netherlands should, given the importance and breadth of its interests, make every effort to be part of it. In the present circumstances there does not seem to be much reason for the Netherlands to initiate such action by itself.

Any opportunities provided by closer cooperation outside the Union will mainly be in the field of foreign and security policy. In such cases, the initiative will in practice have to be left to the large member states, and the Netherlands will have to consider case by case whether it wants to join the core group. The advantages of joining will need to be weighed against the obligations it will entail. For the record, core groups wishing to cooperate on CFSP matters can also be formally recognised by the Council. However, since the Council decision has to be unanimous and the major countries do not want their hands tied, such recognition seems unlikely.

The aforementioned battlegroups, which have now been set up, are a significant example of such cooperation. Since the Constitutional Treaty will not be coming into force for the time being, these groups will be able to keep functioning on their present intergovernmental basis under the provisions of the Treaty of Nice.[39] There are, strictly speaking, no legal obstacles to such cooperation between member states in the field of defence outside the EU framework. The AIV considers such cooperation a promising idea, and one that the Netherlands should welcome if it is to play a role within the Union that is in keeping with its military capabilities and ambitions. The fact that, in the absence of a Constitutional Treaty, defence cooperation cannot be based on the Treaty provisions on permanent structured cooperation does not detract from this in any way.

Nor is there any obstacle to the deployment of battlegroups for joint action on behalf of the EU. Under the existing Treaty regime the Union has already carried out numerous missions for purposes of such joint Council action, including military ones (the Artemis

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39 In its current wording, Article 27b of the Treaty on European Union prescribes that enhanced cooperation on CFSP matters can only apply to the implementation of a joint action or common position, and may not relate to matters with military or defence implications. Any form of enhanced cooperation resembling the permanent structured cooperation envisaged in the Constitutional Treaty is therefore ruled out under the present regime. The Council can order EU action in the field of defence involving a limited number of member states, provided that the other member states constructively abstain (Article 23, paragraph 1 of the Treaty on European Union). Since each such decision will depend on member states' willingness not to exercise their veto, this can hardly be seen as a form of permanent structured cooperation.

operation at Bunia in the Democratic Republic of Congo), simply noting – as in the case of Artemis – that, in the light of the Protocol to the Treaty of Amsterdam regarding the position of Denmark, that country would not take part in the operation and would not be required to make any financial contribution to it.

The AIV emphasises that it is possible to conceive of core groups that the Netherlands will most probably *not* want to join. Such a situation may arise if other member states wish to take further action on such matters as criminal law, drugs and other charged ethical and legal issues on which the Netherlands has clear-cut views of its own. Should such a core group apply for the Council's authorisation, this country will probably want to vote against it. If such a group is nevertheless authorised by the Council, or if an informal group is set up, the Netherlands can make clear that it will not feel bound by any decisions the group may reach, and that it does not want its hands tied. It remains to be seen in practice whether that will be the end of the matter.

The AIV is convinced that, in an enlarged and increasingly diversified Union, preliminary consultation and informal decision-making – in other words, formation of groups of one kind or another – will be increasingly common, and indeed necessary if decisions are to be reached at EU level. If the Netherlands wishes to be a major player in this process, it will have no option but to join such flexible, and probably shifting, coalitions. Given the multiplicity and variety of interests involved, this country will not be able to count on permanent allies. Clearly we should start by seeking support for our ideas among the countries we have the closest ties with, but we will sometimes have to seek partners outside those circles. As experience has shown, it is unrealistic to expect that we will usually be in agreement with one or more member states on a wide range of issues. The AIV notes with regret that this is particularly true of the Benelux, in which – despite good intentions and serious efforts – there has in recent years only been limited common ground, except on institutional matters and a number of practical issues. However important such issues may be, they will not suffice as the basis for a broad and more or less permanent coalition. This is not to say that the Netherlands should not take full advantage of such opportunities as the Benelux can provide – quite the contrary, in fact. The Netherlands should therefore invest more time in Benelux consultations, particularly in view of the debate on institutional issues that is bound to take place sooner or later, especially given the results of the Dutch referendum on the Constitutional Treaty.

If the Netherlands is to take part in this many-faceted coalition process, its input and contributions will have to be of high quality. Dutch input will need to be sound, inventive, reliable and consistent, and bilateral relations will have to be carefully cultivated. This will require more effective coordination of the various interests and views that exist in this country. In this connection, given the decisive role of the European Council, the role of the prime minister in matters of interministerial coordination will need to be strengthened, although that does not necessarily mean that this task should be transferred in its entirety to the Ministry of General Affairs (as some commentators have recently proposed).

In tomorrow's uncertain world the Netherlands cannot afford to neglect the opportunities the Union provides for the protection of European, and hence Dutch, interests. Accordingly, there must be a continuing focus on efforts to improve and accelerate the EU decision-making process. Traditionally, and in its own long-term interests, the Netherlands has always advocated the Community method, and in particular the maintenance or indeed strengthening of the position of the European Commission. This pol-

icy should certainly not be abandoned, but in some cases it will mean swimming against the current. If the Union is to become more decisive, consideration will also have to given other methods, such as the aforementioned core groups or a 'directorate'. It is clear that there is less support for the Community method than there once was, and that it is not necessarily the best way to make the EU more decisive, especially as the CFSP and the ESDP are not based on that method.

II.4.1   Decisiveness
The picture painted above is one of a Union in which the classic Community approach is less effective and applicable than it was, but there is still a will to reach joint decisions, if necessary in a more improvised, flexible manner. Like other member states, the Netherlands will have to come to terms with this. Yet, even then, a Union spanning almost the entire continent will not necessarily be able to face up to grave challenges when and where it matters. These challenges – including terrorism and other security threats, energy supplies, global power relations, and economic development in relation to other world economic centres – may well be so grave and menacing that methods other than those outlined above will need to be considered.

It is not inconceivable that new internal or external factors will create a dynamic that averts the danger of indecisiveness. Particularly in the fields of defence and security policy, growing uncertainty in the world may induce member states to work together more closely. Awareness of Europe's increasing economic frailty as compared with the United States and Asia could also provide an integrating, innovative boost. However, this is by no means certain, especially now it is clear that Europe no longer has any centre of political momentum, as it once had. The French-German axis, once an unmistakable driving force behind the integration process, has become largely inoperative. Germany is taking a more self-confident stance in Europe than it used to, and France feels ill at ease in the enlarged Union. The United Kingdom, which has traditionally remained aloof from major parts of the integration process, has recently made proposals designed to reactivate economic cooperation, but there is as yet no way of telling what will come of these.[40] So far there is little sign of a directorate of large member states emerging, and in the crisis atmosphere that has arisen following the rejection of the Constitutional Treaty this seems even less likely to happen in the near future. The option of examining whether – if need be – a group of eight or more member states could cooperate more closely under the terms of the Treaty of Nice should therefore not be ruled out, though it takes little imagination to see that there are major obstacles.

In the meantime, of course, every effort should still be made to achieve substantial policy results, since what ultimately matters to citizens is not how the Union functions, but what it achieves in promoting stability, reducing risks and increasing prosperity in its own member states and other parts of the world. The EU will ultimately be judged not on its methods and procedures, but on its achievements, especially in the priority areas identified in sections II.2.1 and II.2.2.

II.4.2   Concluding remarks and space for individual initiatives
The EU is seeking a new internal equilibrium after the recent enlargement and the rejection of the Constitutional Treaty by France and the Netherlands. The Treaty could

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40 See the text of British prime minister Tony Blair's speech to the European Parliament on 23 June 2005, <www.fco.org>.

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have gone some way towards creating such an equilibrium by streamlining decision-making procedures and stipulating a clear division of competences. Yet the question remains whether the Union can achieve the additional deepening that is so essential in certain areas. For example, it has so far failed to tackle the greatest threat to Europe's prosperity effectively. The Lisbon Strategy announced in 2000 is as noncommittal as it is ambitious, and will not bring about the required improvement in Europe's economy unless it is backed by the necessary instruments. In the field of internal security, much also remains to be done when it comes to cooperation on criminal investigation and intelligence. For lack of consensus and military resources, the EU's external security policy has long remained limited to statements of intent. It is only very recently that concrete steps have been taken, by setting up the battlegroups. The fact that the battlegroups are intergovernmental and involve non-Treaty-based cooperation is not, in the AIV's view, a serious obstacle, and does not prevent their deployment on behalf of the EU.

The EU will not be able to play a fuller foreign policy role on the world stage until it can take collective foreign policy decisions, make optimum use of the opportunities provided by cooperation with NATO and raise and maintain the standard of European military capacity. Only then will it be seen as a valued and serious player in the areas of particular importance to it, such as energy and the environment, and in its relations with the US in general. All these are areas in which the EU still has a long way to go.

Opportunities to make swifter progress in cooperation with like-minded member states must be seized. This applies not only to foreign policy matters but also to matters of internal policy that are not governed by Community legislation. As regards internal policy, particularly in view of what has been said in Chapter I, these could include such areas as the Lisbon Agenda, promotion of European economic growth through structural reforms, strengthening of economic policy discipline, tax harmonisation, innovation policy, and of course also environmental policy, energy supplies and health. In each of these areas, provided that conditions are favourable and Dutch input is substantial, the Netherlands could itself initiate the creation of formal or informal groups of like-minded partners (which would, however, require a certain 'critical mass' in order to be effective). The development of initiatives of this kind should be a major objective of this country's European policy, as it would help put the Netherlands – which risks becoming less visible and relevant in an enlarged Union – firmly on the map. Success in one area would undoubtedly have an impact in other areas and hence would increase our influence. The AIV believes that issues associated with traditional Dutch priorities, such as greater coordination on development cooperation, would be suitable for this. Other appropriate topics include promotion of constructive EU action within the UN, encouragement of a clear division of tasks between the EU, NATO and the UN during crisis management operations, and strengthening of Europe's voice and material input within NATO.

Relations with the US in the broad sense will have to be the subject of strategic consultations at EU level. The Union must obtain a systematic overview of the transatlantic agenda and its problem areas for purposes of dialogue with the US. Issues such as non-proliferation, the Middle East, human rights, the environment and energy will have to be raised. The EU could start by determining positions on current NATO issues. In that case, the Netherlands will have to overcome its traditional reluctance to discuss NATO issues within the EU.

However, the Union will not be successful in policy areas unless it can minimise the risk factors set out in Section II.2.1 and so become more capable of decisive action. The first priority is to make clearer, at both national and European level, what course the EU should pursue, by encouraging a debate on the question 'where is more Europe needed, and where less?' There is also a need for more determined efforts to solve the problems of agricultural policy and structural funds, in connection with the Union's financial perspectives for the period 2007-2013. Experience will have to show whether the decision-making procedures laid down in the Treaty of Nice can still suffice in a 25-member Union.

Another urgent question is how the EU can best consolidate its new form following the recent enlargements, which have drastically changed in the Union in so many ways. Before enlarging any further – although the prospect of accession by any European country that satisfies the criteria should never be ruled out – the Union must now endeavour to find a collective answer to this question.

III NATO

III.1 Introduction and issues

As regards NATO, the government has asked the AIV to examine the following issues. To what extent are ad hoc coalitions for individual NATO operations compatible with the consensus model on which NATO cooperation is based? What scope is there for partnerships (whether or not in connection with individual operations) between NATO and the EU, the OSCE, the UN and other regional or non-regional organisations that deal with security? How should the relationship between NATO and Russia develop? Is NATO's present composition still adequate to deal with the alliance's new core tasks, or should new strategic partners be sought (e.g. Japan, South Korea, China or Australia)? Before discussing these issues, the AIV will briefly review the main developments within the alliance.

III.2 Background

The North Atlantic Treaty (April 1949) marked the launch of a joint security system that initially involved twelve partner countries. Ensuring the defence and security of today's 26 member states is still the alliance's main task. An integrated command and planning structure under firm American leadership has been built up over the years. However, the organisation and its mission have undergone fundamental changes which have yet to be consolidated.

The disappearance of the bipolar structure and the threat from the East removed much of NATO's original *raison d'être*. Ever since the fall of the Berlin Wall, NATO has endeavoured to adapt its role as a security organisation to the changing global context. A particularly important factor here has been the enlargement of the alliance. From 1994 onwards NATO signed a major series of Partnership for Peace (PfP) agreements with the countries of the former Soviet Union and the Warsaw Pact. As a corollary of this, and in anticipation of the eastward enlargement of the EU, some ten Central and Eastern European countries were offered the prospect of full NATO membership. The alliance's strategy was also brought up to date. The amended strategic concepts of 1991 and 1999 to some extent gave NATO a new mission.[41] While discussions about strategy soon ran into the limits of what was politically feasible, NATO developed specific activities as part of a reform agenda whose main elements are as follows.

Updating of military capabilities
Transformation and adaptation of the military capabilities of the European members of the alliance has been a major goal. The continuing large gap between the US and its European allies in military and technological capabilities has undermined the fundamental principle that the burdens of NATO should be shared equally among the allies, among other things as regards interoperability (practical opportunities for military cooperation). Capabilities initiatives such as the Defence Capabilities Initiative (1999) and the subsequent Prague Capabilities Commitment (2002), which are described in

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41 See <www.nato.int>.

more detail in Advisory Report No. 31,[42] helped initiate the transformation of the European allies' largely continental armed forces into a more expeditionary type of military apparatus.[43] Apart from these capabilities initiatives within both NATO and the EU, designed to ensure better coordination of available resources and so reduce over-lapping and increase interoperability, plans were launched in 2002 for a NATO Response Force (NRF), entailing an entirely new form of cooperation within the alliance and now partly operational.[44] Reference may also be made in this connection to the Berlin Plus arrangements, which make it possible for the EU to use NATO resources for EU-led operations. As already indicated in Chapter II, permanent arrangements of this kind between the EU and NATO are of great importance to Europe.

At the same time, NATO has been seeking ways of countering what may be termed 'new threats', such as the proliferation of weapons of mass destruction and their deliv-ery systems, as well as international terrorism. Operation Active Endeavour has been making a contribution in this area ever since October 2001.[45] Under US leadership NATO has, furthermore, drawn up a joint policy on tactical missile defence and has investigated whether the alliance should in future also take action on defence against strategic missiles. In December 2003, NATO also initiated the establishment of a chemical, biological, radiological and nuclear (CBRN) defence battalion involving fifteen member states.

What is especially significant is that NATO has taken on more and more crisis manage-ment tasks outside the Treaty area. As early as the 1990s it led several such 'out-of-area' operations, namely in the Balkans. The debate about whether NATO should shoul-der such tasks – and, if so, how far the out-of-area region extends – has long since died down. NATO has now become a familiar crisis manager, even in such distant places as Afghanistan, where a NATO headquarters took charge of the International Security and Assistance Force (ISAF) in August 2003. This effectively answered the question of whether NATO should operate outside the Treaty area, and put an end to the debate on the matter.[46] The alliance is also present in Iraq, in the form of the NATO-led training mission for security forces (in which the Netherlands is also

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42 *Military cooperation in Europe: possibilities and limitations*, AIV Advisory Report No. 31, The Hague, April 2003.

43 The four main areas identified were (1) defence against chemical, biological and radiological attack, (2) information supply and secure communications, (3) interoperability and (4) rapid, sustained deployability.

44 For the special demands that the NRF makes on national decision-making procedures, see *The Netherlands and crisis management: three issues of current interest*, AIV Advisory Report No. 34, The Hague, March 2004.

45 Operation Active Endeavour, which Israel recently joined, is a naval force that carries out inspections in the Mediterranean area. Since 29 April 2003 it has also escorted shipping through the Strait of Gibraltar. The operation is pursuant to the activation of Article 5 of the North Atlantic Treaty following the attacks of 11 September 2001, <www.nato.int>.

46 See also Thomas F. Lynch, 'NATO unbound: out-of-area operations in the greater Middle East', in *Orbis*, winter 2004.

involved).[47] A role for the alliance in implementing a Palestinian-Israeli peace settlement has not been ruled out. On 26 April 2005 NATO decided to start talks with the African Union (AU) on a possible logistic and planning role for the alliance in tackling the Darfur crisis in Sudan, and the two organisations have since reached an agreement on NATO support for the AU. To an increasing extent, NATO's defence and crisis management tasks are becoming equally important and complementary.

The NATO Response Force – a pre-existing, rapidly deployable brigade for use in operations at the upper end of the spectrum of force – that was set up at the 2002 Prague Summit involves a completely new form of cooperation. The NRF's initial capacity has been operational since October 2004. The intention is that by 2006 the force will comprise some 25,000 soldiers, available for defence of the North Atlantic area under the terms of Article 5 of the Treaty and for enforcement of the international legal order, possibly across the entire spectrum of force. Undertakings by member states to take part in the various rotations were confirmed at the Battlegroup Generation Conference in May 2005.[48] Besides the NRF, consideration is being given to setting up a new 70,000-member NATO stabilisation force equipped to 'win the peace' after the NRF has 'won the war'.[49]

NATO is also extending its global and regional contacts. Examples include the Partnership for Peace programme, the recently reactivated Mediterranean Dialogue with Jordan, Egypt, Tunisia, Morocco, Mauritania, Israel and Algeria, and of course the mechanisms for consultation with Russia. The permanent NATO-Russia Council was set up in 1997, and there are joint exercises with Russia, for instance in connection with Optic Windmill.[50] NATO has also established an informal dialogue with China – a direct consequence of its having assumed the leadership of ISAF in Afghanistan.

III.3 Changing instruments in the face of new strategic challenges

As of 2005 NATO is still a fully functioning framework for military cooperation. The AIV notes that, largely under the pressure of a forceful American agenda, the alliance with its array of instruments is well on the way to evolving from a self-defence organisation preparing for an attack on its own territory into a security organisation intended to be capable of responding to a far more diffuse global pattern of threats.

However, this has never been based on any formal agreement within the alliance as to its strategic goals. The new strategic concept agreed on in 1999 merely refers in general terms to NATO's role in the fight against terrorism. The outcome of the debate on the extension of NATO's geographical mandate, referred to earlier, has been determined by pragmatic responses to specific situations, resulting in a significant NATO

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47 For details of the agreement reached on this at the Istanbul Summit (June 2004), see <www.nato.int>.

48 Letter of 15 February 2005 to the House of Representatives of the States-General on the coordination of Dutch contributions to the EU battlegroups and the NATO Response Force.

49 Hans de Vreij, 'Plan voor nieuwe stabilisatiemacht NAVO' ('Plans for new NATO stabilisation force'), in *Atlantisch Perspectief*, Vol. 29 (2005), No. 1.

50 An air defence exercise (see <www.nato.int>).

presence in Southwest and Central Asia – a classic case of incremental decision-making.

Whether NATO is still the right place to counter the ideological and political estrangement between America and Europe (despite continuing close transatlantic economic ties and great similarities in basic values) is a question that is being raised more and more insistently in the light of experience in Iraq. Indeed, the German Chancellor recently stated that NATO is no longer the primary forum for the transatlantic partners to discuss strategic security issues, and that there is no substantial US-EU dialogue on such issues either. In this connection, he proposed setting up a panel of wise persons to make proposals on how, and in which forum, transatlantic dialogue on strategy could be revived.[51] No further details of the proposal were provided, probably for reasons connected with its timing and presentation. NATO's Secretary General (like the Dutch government and House of Representatives) has already called vigorously for the policy dialogue within the NATO Council to be revived.

III.4   Risks and assessment

The main risk to the effective functioning of NATO in the future comes from uncertainties regarding the transatlantic relationship. There are various elements that are of relevance here in connection with NATO: (1) the need for all the allies to see NATO as the primary forum for dialogue on security policy in specific cases, (2) the need to distribute burdens more effectively, and (3) the need to reach agreement on the strategic principles that can serve as the basis for future NATO operations, including ones at global level; agreement on this may increase Europe's willingness to contribute to NATO efforts, and conversely a serious contribution from Europe will increase America's willingness to consult its partners.

As regards the first point, the AIV shares Germany's view that NATO has in recent years ceased to be an essential forum for consultation between the two sides of the Atlantic on security issues under the terms of the key Article 4 of the North Atlantic Treaty. In this connection, some analysts have spoken of an identity crisis within the

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51 Over the years many proposals have been made to revitalise the transatlantic partnership, above all politically. The most far-reaching of these proposals call for NATO to be transformed into a more political organisation, referred to in a recent proposal by Stanley Sloan as the Atlantic Community, comprising all the NATO and EU member states as well as other interested countries such as Australia and New Zealand. Another proposal concerns the establishment of a panel of wise persons to advise on how the transatlantic community can be given new impetus. Dr Peter van Ham proposes that agreement be reached on a new strategic concept. Thomas Lynch emphasises the great need to develop a strategy for NATO participation in the global war on terrorism. In this connection he calls for an initiative – similar to the Harmel Commission in the late 1960s – to draw up a strategic vision for NATO's role in the war on terrorism and in the Middle East, with a supplementary role for the EU. The proposal made by the German Chancellor (Schröder) at the 41st Conference on Security Policy in Munich on 12 February 2005 concerns the role of the EU and NATO in transatlantic dialogue. He proposed that the EU and US governments set up a panel of prominent independent persons to find a structure for transatlantic dialogue that is in keeping with the new realities: '[NATO] is no longer the primary venue where transatlantic partners discuss and coordinate strategies. The same applies to the dialogue between the European Union and the United States, which in its current form does justice neither to the Union's growing importance nor to the new demands on transatlantic cooperation.' For the full text, see <www.sicherheitskonferenz.de>.

organisation. The idea of NATO as a framework for consultation between the allies on political strategy is less firmly established than that of NATO as a framework for military cooperation. This has become apparent during the debate on the US-advocated missile defence system, in the wake of 11 September 2001 and in the case of Iraq.[52] It has become clear that, in the new context, the Americans at least no longer see NATO as the primary forum for joint deliberations on security issues. The US National Defense Strategy for 2005 does not mention NATO once.[53] This approach has implications for the basic notion of the alliance as set out in Article 4 of the Treaty.[54]

However, there is no alternative to NATO as a 'framework for military cooperation', and it must therefore be cherished. The Atlantic Agenda is in great need of revitalisation, as NATO Secretary General Jaap de Hoop Scheffer has repeatedly emphasised. Here much will depend not only on America's attitude to the alliance, but also on Europe's commitment to it.

As regards the second point, there is a need for further transformation and updating of capabilities on the European side of the alliance, together with willingness to deploy them. As indicated in the introduction, much has been done in this area in recent years, the greatest achievement so far being the creation of the NRF. However, declining European defence spending is at odds with this.

As regards the third point, the AIV feels it is important to launch a debate on the possible revision and updating of the strategic concept, which was last amended back in 1999. The Dutch government has made it clear that is not in favour of grand designs. In a recent speech the Dutch Minister of Foreign Affairs stated that NATO does not need a High-Level Panel or committee of wise persons – what matters most is to get on with things.[55] As already mentioned, the AIV sees the possibility of increasing divergence in views and actions between Europe and the US as a serious risk. It is clear that the German Chancellor (Schröder) and various others who are calling for a new strategic concept have identified a major and worrying problem. The answer lies in political dialogue at various levels. Germany's proposal to examine how NATO could once more perform this strategic role in a credible manner, and how US-EU consultation could help, therefore deserves support.

As already mentioned, the AIV considers it important to ensure that the debate on strategy takes place within NATO as much as possible. The United States' recent invitation to countries including the Netherlands to be involved in drawing up its Quadren-

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52 Even before this, during the Balkan conflicts, the absence of a political military debate within NATO was perceived as a failure. The fact that NATO assumed the task of carrying out UN mandates but failed to undertake a political military analysis of the underlying concepts has proved damaging.

53 Only the umbrella term 'international partnerships' is used (on page 4). See *The National Defense Strategy of the United States of America*, May 2005.

54 This article reads 'The Parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened.'.

55 *Het Atlantisch Bondgenootschap – naar een nieuwe synthese van macht en idealen* ('The Atlantic Alliance: towards a new synthesis of power and ideals'), speech by Dr Bernard Bot, 30 March 2005.

nial Defense Review is not at odds with this, for such strategic discussions also take place within NATO. This is something the AIV believes is of great importance.[56]

The AIV feels it is now important to work further towards a joint political agenda for the US and Europe. There is a great need to deepen the security debate. For reasons including those outlined in Chapter I, this agenda should not only contain items with a broader focus than current crises, but should also lead to a genuine debate on future security problems. Relevant items include strategic aspects of energy supplies, climate change, security issues in Africa, future strategic relations with China and India, and a broad strategy on the Middle East. Together with other partners, the Netherlands could take the initiative to get some of these items onto the political agenda. In this connection, the news that NATO strategy towards the Middle East was discussed at the recent NATO summit in Vilnius is very welcome. Another relevant issue, and one that is supported by the AIV, is NATO's role in Darfur.[57] At the same time the AIV notes a great need not only for revival of the political debate within NATO, but also for closer, direct dialogue between the US and the EU, whose interests are interconnected in so many ways – a fact not altered by current differences of opinion. Such dialogue will also benefit NATO, since many countries are members of both forums. Given the breadth of such an agenda, the US-EU dialogue is essential here. In some cases Europe will need to make its position known in advance in order to ensure a meaningful debate within NATO. How, and in what form, NATO consultations and the US-EU dialogue can be meaningfully coordinated is something that will need to be examined in more detail.

The notion (referred to in the request for advice) of NATO as a toolbox from which the required coalitions can be assembled for specific missions is not, in the AIV's view, intrinsically damaging to the goals of the alliance. What is important here is to distinguish between (a) decisions on possible NATO operations and (b) participation by members of the alliance in such operations. Decisions on operations must, of course, be reached by consensus. In the case of crisis management operations, it can then be examined which members (if not all) are willing to provide troops and resources for the mission. Other forms of support are conceivable as well. Other countries can also be invited to take part, as happened in the case of the former Yugoslavia. In view of the importance the AIV attaches to the preservation of decision-making by consensus, it welcomes the further explanation provided by the Dutch Minister of Foreign Affairs in response to questions on his aforementioned speech,[58] in which he called for the creation of small 'vanguards' that would enable NATO to carry out certain activities without necessarily requiring the unanimous support of the alliance. The AIV agrees with the qualifying remarks made in the letter of 20 April 2005 to the House of Representatives in reply to questions by Representative Van Baalen, indicating that there can be no question of departing from the consensus principle. The AIV does, however, wonder whether constructive abstention might help in specific cases.

In its request for advice the government asked whether NATO has the right composition to cope with its changing agenda and tasks, or should instead be further enlarged. At first sight it would seem appropriate for NATO's membership to reflect its new tasks

56 Letter of 24 March 2005 to the House of Representatives on the Quadrennial Defense Review.

57 See Hans Binnendijk's article 'Talking security', *International Herald Tribune*, 20 April 2005.

58 See note 55.

more closely – if the fight against terrorism is high on NATO's agenda, it would surely make sense to let other members of the 'coalition against terrorism', such as Australia and Japan, join the organisation. However, the AIV does not favour this approach. To begin with, NATO currently has enough other policy options for establishing meaningful ties with countries outside the alliance. Evidence of this can be found in the recent visits by NATO's Secretary General to the countries mentioned in the request for advice, during which it was agreed to step up cooperation on policy matters. Secondly, the timing of any further enlargement would be most unfortunate at this stage, so soon after the enlargement of the alliance in two successive 'waves'. NATO needs time to get used to the recent enlargement and to work towards consolidation and deepening, for example through the strategic efforts called for above.

The AIV also believes that NATO should be involved in supporting and building up regional organisations elsewhere in the world. No other region in the world has a body with the same planning capabilities, military capabilities and degree of organisation as NATO. Given the increasing trend towards having crisis management operations carried out by regional organisations,[59] this is a highly one-sided state of affairs. Although the AIV does not feel that NATO should become a global peacekeeper, it does believe the alliance should be involved in supporting regional organisations in such areas as logistics and planning. As already mentioned, the AIV welcomes the news that NATO has decided to assist the African Union in connection with the Darfur crisis.

III.5   Priorities for the Netherlands

As regards NATO, the Netherlands must encourage the development of new transatlantic strategic consultations involving all the allies. Working carefully and in cooperation with other partners, the Netherlands could then help bridge the gap between European countries and the US. In addition, NATO's political agenda must be strengthened and extended to strategic security matters that do not directly involve missions. The creation of the NATO Response Force, ideally (although not necessarily) involving the US, will help strengthen NATO's European pillar. It is important that the Netherlands play a meaningful part in such forces and that its defence efforts be kept up to standard for this purpose. The same applies to other European countries, in order that the European part of the alliance can continue to make a serious contribution to the running of NATO and the Berlin Plus arrangements on cooperation between NATO and the EU can be implemented as fully as possible.

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59 For a description of this trend, see *The Netherlands and crisis management: three issues of current interest*, AIV Advisory Report No. 34, The Hague, March 2004.

IV The United Nations

IV.1 Introduction and issues

Particularly in the light of the recent reports by the HLP and the UNSG, the government has asked the AIV what the Netherlands could do to enhance the legitimacy and effectiveness of UN decision-making regarding interventions in situations that threaten peace and security. The government has also asked (a) what opportunities there are for coordinated EU action in the UN Security Council, (b) what action by the Netherlands in other global forums with development policy, financial, social and economic agendas would be in keeping with UN peace and security efforts, and (c) what part this country can play within the EU and NATO in order to ensure a more effective UN and the practical implementation of peace and security efforts. Before examining these issues, the AIV refers readers to its recently published advisory report on the report by the UNSG,[60] which deals with many of these topics. In the present report, to prevent duplication of effort, the AIV will only look more closely at issues that were not discussed in detail in the earlier advisory report.

IV.2 The report by the UNSG

In its recent advisory report on the report by the UNSG, the AIV has already examined the following aspects in detail: the importance of a broad definition of security, with the emphasis on human security alongside state security, plus a major role for human rights; the importance of developing a strategy to prevent violence; and the importance of effective arms control and settlement of disputes, as well as the operation of international courts. The report also deals with pressing matters relating to collective security and the use of force (self-defence and preemptive action). As regards institutions, it examines the functioning and composition of the Security Council, the future Peace-building Commission and various proposals designed to make international instruments in the field of human rights more effective. Also discussed are the importance of strengthening the role of the UNSG and civil society, as well as the need to increase the coherence of the UN system. As indicated above, these matters will not be discussed in further detail in the present report.

Efforts to reform the UN are as old as the UN itself. Over the years there have been a long series of reports designed to bring about improvements in specific areas.[61] The issues discussed in the reports by the UNSG and the HLP are thus not new. However, these reports are the most comprehensive in the whole series, which is one reason why they are so important. Furthermore, the AIV believes there is now a greater need than ever to find a collective response to these issues, owing to the nature of the chal-

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60 *Reforming the United Nations: a closer look at the Annan Report*, AIV Advisory Report No. 41, The Hague, May 2005.

61 These include Boutros Boutros-Ghali's *Agenda for Peace* and the supplement to it, the *Agenda for Democratization* (also by Boutros Boutros-Ghali), *Renewing the United Nations: a programme for reform* (1997), the Brahimi report on UN peacekeeping (1999), the debate on the reform of the Security Council that has been going on since 1994 (in the 1990s a reform agenda was drawn up with a view to making the UN's decision-making bodies more representative of the member states), the Millennium Report and *Strengthening the United Nations: an agenda for further change* (2002).

lenges (as outlined in Chapter I), the nature and scale of the uncertainties and the far greater degree of interdependence between countries. This already precarious situation has been further aggravated by developments concerning Iraq and disagreement on the subject within the UN Security Council. All this makes effective reform a matter of the utmost urgency.

It is remarkable, and extremely important, that the broadly-based HLP has succeeded in agreeing on how the international community should deal with new realities. This is one reason why the AIV believes that serious attention should be paid to the analyses and recommendations set out in the HLP report, rather than just to the UNSG's report issued in response to it. In the AIV's opinion, the HLP analyses that were not adopted as recommendations by the UNSG – who concentrated on the recommendations that could immediately be taken up at the September summit – are still relevant.

IV.3   A lastingly effective UN

This report will now examine the following issues, which were discussed in less detail in the advisory report on the report by the UNSG and are of great importance in ensuring a lastingly effective UN.

IV.3.1   New consensus on collective security
Over the last few decades, as indicated in Chapter I, the security situation and ideas concerning it have gradually changed.[62] At the same time, the globalisation process has led to far greater interdependence. No country, however powerful, can consider itself immune to the threats that now face us:[63] 'Collective security today depends on accepting that the threats which each region in the world perceives as most urgent are in fact equally so for all.'[64] Such interdependence calls for action at national, regional and global level, and requires the emergence of a new global consensus on what leads to security (or lack of it). 'In our globalised world the threats we face are interconnected' is how the UNSG sums up this need to develop a new concept of collective security.[65] However, he gives no indication of how to achieve this, and indeed the HLP has stated that such a consensus is still a long way off. National contexts and interests are simply too divergent. Security paradigms in Central Africa are simply not the same as in Western Europe. Yet interdependence has made the emergence of a global consensus on the nature of 21st century threats a matter of extreme urgency. Such a consensus should take account not only of the terrorist threat, which has top priority in some developed countries, but also of less traditional threats such as serious endemic

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62 The broader definition of security is discussed at length in AIV Advisory Report No. 41.

63 UN Doc. A/59/565, p. 7.

64 UN Doc. A/59/2005, p. 25.

65 UN Doc. A/59/2005, pp. 25 *et seq.*

diseases, which have priority in developing countries. All countries' concerns should be taken seriously, and double standards should be avoided.[66]

The AIV believes it is vital to reach a global consensus on the basis for collective security – for reasons of enlightened self-interest rather than on ideological grounds. The AIV feels that the EU could play a leading role in the emergence of such a consensus, since its views on security, as set out in the European Security Strategy document of 12 December 2003,[67] are very similar to those of the HLP and the UNSG.

Such a global consensus on security should include an approach to security problems whereby regional and subregional organisations could eventually assume responsibility for their own regional security. In this connection, it is vital that the UNSG's proposed ten-year plan for capacity building within the African Union be adopted and implemented.[68] When deciding whether the EU should take part in such initiatives, account should be taken of Europe's specific interests and the added value of European involvement.

IV.3.2   A more authoritative, credible UN
Especially – but not only – because of what has happened in connection with Iraq, the UN's authority and credibility as an international body have been called into question. Credibility and effectiveness go hand in hand, and the effectiveness of the UN system has been seriously undermined by the discrepancy between what is expected of it and the resources available to it. The member states themselves set ambitious goals which cannot be fully attained for lack of the necessary funding and staffing. This problem – one that all international organisations are faced with – cannot be discussed in full detail here. However, the questions of funding and military personnel will be examined below.

66 It is, of course, important that such a consensus take account of the security interests of the most powerful player on the stage, to whom the fight against international terrorism is the main priority. However, this will not suffice. One should not underestimate the extent to which double standards can undermine consensus. According to former UNSG Boutros Boutros-Ghali, tensions between North and South have been a constant factor in all the reform proposals, and are still the basic issue today. The HLP report hints at the same thing, and highlights the importance of progress on development as a prerequisite for lasting peace and security. The HLP strongly emphasises the responsibility of rich countries in this regard, and calls for swift progress towards the Millennium Development Goals. There is also tension between North and South when it comes to security: in the South demand for security exceeds supply, which is concentrated in the wealthier North. The HLP states quite frankly that the UN and its member states have often been guilty of discrimination in international security operations, and points to the speed with which action was taken after 11 September 2001 as compared with the Rwanda tragedy in 1994. The UNSG makes the same point in his report *In larger freedom*, stating that in this regard much has been promised but little delivered. However, he is less explicit about this than the Panel. Developments very reminiscent of international action in Rwanda a decade ago can now be seen in the case of Darfur. Here again, the recent breakthrough in international efforts to uphold the rule of law will not suffice. However, NATO deserves great praise for undertaking to provide planning and logistic assistance.

67 *A secure Europe in a better world: European security strategy*, Brussels, 17 December 2003.

68 UN Doc. A/59/2005, Recommendation 213.

Funding
UN funding depends on financial contributions from member states – either fixed contributions to the regular budget or various kinds of voluntary contribution. The organisation has no income of its own.[69]

The member states are less disciplined in paying contributions than they might be. In 2003 almost a quarter of contributions to the regular budget remained unpaid, the United States accounting for half of the arrears. As for voluntary contributions, since 1999 the UN has never received more than 60% of the amounts it has needed and requested. To give an idea of the actual amounts involved, the 2003 consolidated appeal totalled USD 2.7 billion – less than worldwide military spending *in any given day*. Over the years there have been numerous proposals to improve the UN's financial footing, every one of which has been turned down by the member states.[70]
At the same time, there is in general a growing trend towards funding through voluntary contributions rather than from the regular budget. This does not make for greater credibility or independence, and in some UN agencies has resulted in an almost unacceptable degree of subservience to one or more major sponsors. In this connection it is worth mentioning that the candidate for the post of US ambassador to the UN, John Bolton, favours 'moving toward a UN system that is funded entirely by purely voluntary contributions from the member governments', whereas the Dutch Minister of Foreign Affairs – rightly, in the AIV's opinion – takes the opposite view.

Security personnel
A similar problem arises regarding the supply of troops for peace operations under a Security Council mandate. The UN does not have its own military resources or security personnel (such as the police officers that are increasingly necessary during peace operations). Member states make voluntary contributions in response to ad hoc invitations from the UNSG. Attempts (through the Standby Arrangements System) to obtain long-term commitments from member states have so far been largely unsuccessful.
The UNSG's report notes a lack of willingness on the part of member states – especially Western ones – to provide troops for UN operations. This has effectively made UN peacekeeping a matter for developing countries, which – without wishing to disparage their valuable input – does have implications for its quality. The HLP report expresses a fear that bitter experience with UN operations around the close of the

69 The UN is funded in three different ways: (1) through the regular budget, which is used to cover the organisation's fixed costs, such as staffing and headquarters; (2) through the peace operations budget, a major share of which is provided by the five permanent members of the Security Council; and (3) special or voluntary contributions to funds or programmes. Most disaster funding is based on a 'hand-to-mouth' system; all foreseeable funding needs for the coming year are consolidated in an annual appeal.

70 One proposal included a small 'UN levy' on international financial transactions, arms exports, international air tickets and carbon dioxide emissions. Others involved charging interest on arrears in payment of UN contributions, borrowing money commercially, or introducing a UN credit card or a UN lottery.

twentieth century – such as Somalia in 1992, Rwanda in 1994 and Sierra Leone in 2000 – could be repeated unless peace operations are properly equipped.[71]

Also worth mentioning here is the trend towards a regional approach to conflict control, as described in the AIV advisory report on crisis management – namely, the idea that crisis management operations should where possible be carried out by the most relevant regional organisation. This ought to be feasible and may have great benefits, but in practice, desirable though it may be, it is still far from realistic in many parts of the world. Regional and subregional organisations – especially those in Africa – simply lack the necessary capacity and funds, and in such cases countries inevitably look to the UN.
As regards capacity building, well-developed regional organisations such as NATO – and also the EU – should focus more systematically on assisting regional organisations in the South. The AIV supports the HLP's recommendation, endorsed by the UNSG, that donor countries be called upon to commit themselves to a ten-year process of sustained capacity building support for the African Union.'[72]

As regards the costs of regional peace operations, the AIV backs the recommendation that in the case of Africa these be paid for out of assessed contributions.[73]

The HLP also envisages a role for regional organisations such as the EU and the EU's battlegroup concept when carrying out peace operations. It recommends that these capabilities be developed elsewhere and made available to the UN,[74] as part of the UN Standby Arrangements system.[75] The AIV supports this approach.

In the light of all this, the AIV recommends that the Netherlands continue to advocate a system in which the regular budget is the main source of UN funding. The Netherlands can encourage thinking about an independent source of funding, and can help give the UN a sound financial basis through the EU countries (which between them fund more than 30% of the UN budget). The AIV also recommends that the Netherlands continue to take an active part in providing troops for UN-mandated crisis management

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71 'The demand for personnel for both full-scale peace-enforcement missions and peacekeeping missions remains higher than the ready supply […] In the absence of a commensurate increase in available personnel, United Nations peacekeeping risks repeating some of its worst failures of the 1990s […] The developed States have particular responsibilities here, and should do more to transform their existing force capacities into suitable contingents for peace operations' (UN Doc. A/59/565, p. 55).

72 UN Doc. A/59/2005, Recommendation 213.

73 See UN Doc. A/59/2005, Recommendation 215: 'The rules of the United Nations should be amended to give the United Nations the option […] to use assessed contributions to finance regional operations authorised by the Security Council.'.

74 'We welcome the European Union decision to establish standby high-readiness, self-sufficient battalions that can reinforce United Nations missions' (HLP report, paragraph 219).

75 Whereas NATO and the EU have both developed concepts (the NRF and the battlegroups respectively) designed to make troops more reliably available and to increase interoperability, no well-functioning initiative of this kind has yet emerged within the UN. Attempts have been made in this direction (the Standby Arrangements System), but have so far come to nothing.

operations in Africa, if necessary through the EU or NATO. The Netherlands can also work through the EU or NATO to encourage support for the building of capacity for peace operations in regional organisations in Africa.

Strong executive power in the common interest
The UNSG's executive power is extremely limited. Given his key role as the guardian of the common interest, the AIV believes that his functions and powers should be extended (as already indicated in its advisory report on the Annan Report). In this connection, he could make even greater use than he does at present of his power to commission reports without going through the UN Secretariat, as he did in the case of the HLP. The writers of such reports will be under less political pressure than the Secretariat – although such pressure cannot be entirely avoided. The Netherlands could continue to provide financial and organisational support for such activities.

The importance of having a geographically more representative Security Council was emphasised in the AIV's Advisory Report No. 41. The Council requires greater global legitimacy to perform its increasingly far-reaching peace and security tasks.[76]

At the same time, consideration should be given to strengthening the role of the UN General Assembly as the forum where the 'common global interest' is formulated – a role that has declined in importance in recent decades. A discussion paper by the Dutch Permanent Mission to the UN has noted this phenomenon and the resulting tendency for decisions to be taken by the Security Council (on political matters) and the IMF and World Bank (on socioeconomic matters) rather than the UNGA.[77] The AIV backs the UNSG's proposals to revitalise the UNGA. However, steps must be taken to make the Assembly more representative than it is at present. The 'one country, one vote' system may seem democratic, but so many countries (often small ones) have joined the UN since 1945 that a two-thirds majority can now be formed by states that contribute less than 1% of the total budget and represent only 7% of the world's population between them. As a result, 'majority support' for a decision may reflect only a very small section of world opinion – a state of affairs that is eventually bound to undermine support for the organisation. Although the issues this raises are thorny ones, given the huge differences in size between countries, consideration could be given here to some form of weighted voting.[78] For example, UNGA decisions could require a dual majority – not just a majority of member states, but also a majority of countries with populations and economies of at least a specified minimum size.[79]

To increase support for the decisions reached, it is also important to give non-governmental actors more of a say. As far as this is concerned, the UN has so far failed to

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76 Another issue – and one that is a major factor in the election of non-permanent members of the Security Council under the terms of Article 23, paragraph 2 of the UN Charter – is the contribution that the countries concerned make to the maintenance of peace and security and other UN goals.

77 Un Doc. A/57/836, *From promise to practice: revitalizing the General Assembly for the new millennium*.

78 Such weighting could, for instance, be based on a vote, population size and size of contribution to the UN budget. For the South Centre's proposals on the subject, see <www.southcentre.org>.

79 This general issue was also raised by the UNSG in his report on the implementation of the Millennium Declaration (UN Doc. A/58/323).

adapt sufficiently to today's globalised world. 'We the peoples' still essentially means 'we the governments'. It is still primarily states that negotiate and tackle problems within the UN. Yet there are urgent issues that cannot be solved within the inherent limits of such a negotiating arena. A good example is the environment, whose problems are too urgent for the current approach based on ad hoc conventions. The letter of 1 June 2004 to the House of Representatives contains a number of suggestions designed to promote the common interest by involving civil society more closely. The UNSG has likewise mentioned the importance of involving non-state actors, but does not go into further detail about this. The Netherlands could commission a study on the subject, which would also have to take account of potentially harmful effects of such outside involvement.

IV.4   The role of the EU and the Netherlands

IV.4.1   The EU
In its request for advice, the government asked how EU input can be more effectively coordinated. This question first of all concerns the role of the EU on the Security Council. In the long term, as indicated in Advisory Report No. 41, the AIV is in favour of the EU having its own seat on the Council. Since this seems unlikely to happen for the time being, it would be an interesting idea to attach a representative of the EU Council Secretariat to Germany's Council seat, should it obtain one. This would make the seat rather more European in character. For the time being it is worth noting that EU action in New York has been much better coordinated in recent years. This is not to say that the two European permanent members have let their policy on the Security Council be determined by the results of EU consultation, but there have certainly been useful exchanges of information on the Security Council agenda, followed by policy discussions. The AIV feels that this consultation process, which was initiated by the non-permanent members during the period when the Netherlands had a seat on the Council (1999-2000), should be continued and stepped up, as it contributes to the coherence of the EU's foreign policy.

Secondly, the government's question concerns ways in which the EU countries could work more closely in other parts of the UN system. This is of vital importance, for the AIV believes the EU has a highly constructive and crucial part to play in the UN. The Union is a major financial contributor, and its battlegroups will soon provide the UN with an extremely useful instrument in support of its peace missions. The EU could play an important part in supplying troops and helping to build capacity for African peacebuilding operations. Moreover, the EU and the UN share similar concepts – for example, the ideas set out in the European Security Strategy greatly resemble those in the UNSG's recent report, particularly as regards the broader definition of security. All things considered, the EU is a very important partner for the UN at this crucial and precarious time for the organisation.

The UNSG's recommendations on how to increase the coherence of the UN system have so far had little practical impact. The AIV believes that UN policy could be made more coherent by keeping the proportion of voluntary contributions in the budgets of the various agencies, funds and programmes to a minimum, so that individual donors would have less influence on UN agendas and policies.

IV.4.2   The Netherlands
As far as the UN is concerned, this means that the Netherlands can support any proposal that seems likely to make the Security Council geographically more representa-

tive, while taking due account of countries' contributions to the UN in terms of both funding and staff. Disagreement within the EU concerning the distribution of seats on the Security Council must be accepted as a political fact which will not be altered by further debate. The Netherlands must endeavour to ensure that the UN remains a global organisation in which the common interest prevails. Proposals to strengthen the position of the UNSG therefore deserve this country's support. Ensuring that the UN is funded from the regular budget wherever possible will also help make it a more effective organisation.

At the same time, the Netherlands should subscribe to the broad definition of security set out in the UNSG's report *In Larger Freedom*, in which the 'responsibility to protect' is an important element. Prevention and development are crucial here. The Netherlands can encourage more countries to perform better when it comes to development cooperation, and can work to help developing countries gain fair access to world markets. The Netherlands should also maintain its own position and reputation in UN forums and the international financial institutions through policy specifically for that purpose.

V Summary: the Netherlands and NATO, the EU and the UN

The EU is seeking a new internal equilibrium after the recent enlargement. The rejection of the Constitutional Treaty by France and the Netherlands has created a situation in which there is a need for consolidation and reflection. The Treaty could have gone some way towards creating such equilibrium by streamlining decision-making procedures and identifying clear areas of competence. Yet the question remains whether the Union can achieve the additional deepening that is so essential in certain areas. For example, it has so far failed to tackle the greatest threat to Europe's prosperity effectively. In the field of internal security, much also remains to be done when it comes to cooperation on criminal investigation. For lack of consensus and military resources, the EU's external security policy has long remained limited to statements of intent. It is only very recently that concrete steps have been taken, by setting up the battlegroups. The EU will not be able to play a meaningful foreign policy role on the world stage until it can organise itself internally in such a way as to reach unanimous foreign policy decisions, make optimum use of the opportunities provided by cooperation with NATO, and raise and maintain the standard of European military capabilities. Only then will it be seen as a valued and serious player in the areas of particular importance to it, such as energy and the environment, and in its relations with the US. All these are areas in which the EU still has a long way to go. This is discussed in Chapter II.

NATO is recovering from a serious transatlantic rift, and full recovery will require considerable efforts on both sides of the ocean. It is essential that transatlantic dialogue be revived, in NATO as well as through the EU, and the AIV supports any proposal that encourages this. Lasting recovery will, first of all, depend on all the allies, including the US, seeing NATO once more as the primary forum for discussing strategic security issues within the meaning of Article 4 of the North Atlantic Treaty. Secondly, the standard of European military capacity needs to be further raised and maintained. European defence budgets must remain high enough to ensure this, rather than being the subject of repeated cutbacks (as has happened in many member states). Thirdly, there must be a strategic debate on the principles underlying the global deployment of NATO forces. Notwithstanding all the fine words and statements of intent on both sides of the Atlantic during President Bush's recent visit to Europe, it remains to be seen whether any of this will materialise in the near future. This is discussed in Chapter III.

The UN, in turn, is struggling to steer a course that will be credible at both ends of its spectrum of members: (1) the US and the wealthy, powerful West, and (2) developing countries. Achieving a new consensus based on the notion of collective security is crucial, but problematic: crucial because countries are increasingly interdependent, problematic because the interests of the 180-plus states that now make up the UN are far more diverse than when the organisation was first set up. Yet in the absence of such a consensus there will no longer be any basis for the UN's continued existence. It is also important that the organisation continue to receive enough funding, staff and military resources to pursue its policies efficiently. The Netherlands must contribute to this and urge others to follow suit. This is discussed in Chapter IV.

As we have seen in the earlier descriptions of the three forums that are of greatest importance to the Netherlands, this international constellation – for all its usefulness – is fragile to say the least. None of the three has yet displayed sufficient ability to reform, despite all the good initiatives in that direction. Given the scale of the chal-

lenges in the field of prosperity and welfare, security and the global issues outlined in Chapter I, this is worrying. There is a risk that some or all of the multilateral organisations will prove incapable of facing the challenges ahead, and hence that the structure of the international society which has taken shape in recent decades will collapse. That would be a disaster for this country.

The practice of 'incremental decision-making', whereby instruments are altered stage by stage without the ultimate political goal ever being explicitly defined, is typical of the way in which international organisations operate. Although both NATO and the EU have been able to make impressive progress in developing their range of instruments, they have never reached agreement as to strategies and ultimate goals. This may undermine public support for the decisions reached, as the results of the referenda on the Treaty establishing a Constitution for Europe appear to indicate.

The challenges described in the introduction no longer only concern the three forums referred to. An important part is now played not only by new formal intergovernmental bodies such as ASEAN and Mercosur, but also by informal gatherings of groups of countries to which the Netherlands does not belong, such as the G8 (and to a lesser extent the G20). One major change has been the spread of international consultation and cooperation between civil society organisations and the private sector, as well as bodies in which the international and national private and public sectors cooperate. Governments are increasingly aware that the challenges of globalised society cannot be faced without such forms of cooperation.

The existing multilateral structure clearly has its limitations and sometimes lacks the power and resources to be effective, which in turn fuels unilateralist tendencies. For example, there are insufficient resources to monitor and enforce compliance with UN Security Council resolutions and non-proliferation treaties.[80] The American attitude towards multilateral action is also very relevant here.[81]

After reading this advisory report it may also be wondered whether the existing multilateral institutions are actually capable of tackling today's problems, some of which will soon become very pressing. At a recent conference on matters of current concern to the UN, the environment and energy security were identified as 'the next generation of issues', to be tackled in a subsequent round of reforms. Coalitions of governments, civil society organisations and the private sector are also essential if progress is to be made on the major international issues such as poverty reduction, financial stability and health. Greater focus on the environment, raw materials and energy security is urgently needed.

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80 The reports by the Panel of Eminent Persons and the UNSG discuss the problem of proliferation in considerable detail. It is also the subject of a separate advisory report which the AIV is drawing up at the government's request as this report goes to press.

81 In March 2001 the US withdrew from the Kyoto Protocol, in December 2001 it withdrew from the Anti-Ballistic Missile Treaty, in May 2002 it revoked its signature of the treaty establishing the International Criminal Court, and in September 2002 it published a National Security Strategy in which it reserved the right, without any reference to the restrictions imposed by the UN Charter, to take preemptive military action if necessary in order to eliminate a potential serious threat. The same attitude is reflected in America's stance on the treaty banning anti-personnel mines and its rejection of the verification protocol to the Biological and Toxin Weapons Convention. The most recent example of all is Iraq.

The twenty-first century will probably call for a new, supplementary form of multilateral action. Opinions differ as to how the world's largest and most urgent problems should be tackled. In addition to moderate ideas about gradual institutional reform, such as setting up a world parliament or expanding the G20, there are proposals to create at international level new multilateral forms of organisation based on networks.[82] In any event, international efforts to tackle global problems will benefit from close cooperation between the public sector, the private sector and civil society, for many issues have political, economic and social implications and are transnational in nature. Moreover, this is a trend that has existed for some time. For example, Anne-Marie Slaughter describes how decentralised government institutions are increasingly working together through their own transnational networks. 'Global governance' is thus taking shape not only through traditional multilateral institutions, in which countries pursue their own national interests, but through more informal international cooperation between decentralised policymakers and institutions. It is important to examine how such decentralised international cooperation networks can be strengthened so as to assist the existing multilateral organisations without undermining their authority.[83]

The AIV believes it is necessary for each international institution to focus on organising input from civil society. There will also be a continuing need to seek international decision-making methods that will allow effective, authoritative action based on, and making use of, the existing multilateral institutions.

Conclusion
Although the three forums discussed in this report differ in their goals and membership, there are similarities in the way they operate. For a country such as the Netherlands, investing in a decisive EU is an important way to work towards an effective UN and to encourage constructive policy dialogue with the US that will complement and facilitate deliberations within NATO.

In a number of respects the Netherlands occupies a special position. It is a leading international actor when it comes to investment and the provision of financial services abroad, as well as development cooperation activities – both by the government and by private organisations. It is one of the few countries whose official development aid exceeds the international target of 0.7% of GNP. This unusual combination of international financial strength and close involvement in developing countries is acknowledged internationally, but not sufficiently highlighted at home. This country also makes a considerable and much-valued military contribution to international crisis management operations, including ones at the upper end of the spectrum of force. The Netherlands is thus effectively pursuing a two-track policy, based on strengths in both the 'soft sector' and the 'hard sector'. Another of its assets is that it is very widely perceived to be an unprejudiced, reliable partner in international affairs. This has to do with that two-track policy, which puts this country in an ideal position to create links between such seemingly different policy fields as security and development cooperation, as well as between Europe and the US, and to make proposals in these areas.

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82 J. F. Rischard, *High Noon: 20 global issues, 20 years to solve them*, Oxford University Press, 2002.

83 Anne-Marie Slaughter, *A New World Order*, Princeton University Press, 2004.

The Netherlands' efforts to define its position in the three forums discussed in this report, and in the international arena as a whole, must always be based on these existing achievements and the resulting opportunities to highlight its own particular policy aims.

As a trading nation – almost half of Dutch GNP comes from exports – the Netherlands has a particular interest in an open, stable global economy. As a small country that is a major investor with considerable economic power and interests, it has an interest in international regulation and in 'fair play'. As a small country that is highly vulnerable to the risks outlined in Chapter I, it has an interest in being part of effective international structures that are capable of facing those challenges. Dutch efforts must therefore primarily be aimed at strengthening such structures, focusing on the priorities set out in the previous chapters. The Netherlands simply has no alternative to operating within the multilateral institutions discussed in this report, and the government should make this very clear to the Dutch people.

Request for advice

Mr F. Korthals Altes
Chairman of the Advisory Council
on International Affairs
Postbus 20061
2500 EB Den Haag

May 2004

Dear Mr Korthals Altes,

I am writing to you in my own capacity and on behalf of the Minister of Defence, the Minister for Development Cooperation and the Minister for European Affairs.

The following topic is listed first in the Advisory Council on International Affairs (AIV)'s work programme for 2004:

"The position of the Netherlands in the EU, NATO and UN
The decisions taken in 2002 and 2003 concerning the intervention in Iraq and the prospect of the enlargement of the European Union and NATO in 2004 have created new factors in Dutch foreign policy. How should the Netherlands respond? How can Dutch interests and ideals manifest themselves in this new reality? What policy is appropriate in this context? How robust are the policy intentions expressed in the explanatory memorandum accompanying the 2004 budget?"

The questions are based on the express wish of the House of Representatives of the States General that these matters should be examined by the AIV.

I and the other ministers mentioned above wish to submit a number of issues for consideration by the AIV, since additional advice on these matters, in conjunction with the earlier requests for advice on such matters as crisis management, failing states and preemptive action, will be of use to the ministers concerned.

On 22 April 2004 I exchanged views with the AIV on the advisory work that is currently in progress. On that occasion I expressed an interest in advice on the effectiveness of the multilateral system. The main focus of the present request for advice is the Netherlands' capacity to enhance the effectiveness of the system.

The ministry is currently drawing up memoranda on related topics. You will be informed of these by the responsible officials once the AIV starts dealing with this request.

Although the topics raised extend beyond the forthcoming Dutch Presidency of the EU and your advice will have more long-term implications, I hope to receive the AIV's report in the course of the summer.

I look forward to a report in which the Netherlands' capacity to act will as far as possible be discussed in an integrated manner, extending across the boundaries of the bodies in question. This will put the country in a better position to act effectively and decisively.

Copies of this letter are being sent to the Presidents of the House of Representatives and the Senate of the States General.

Yours sincerely,

(Signed)

Bernard Bot

REQUEST FOR ADVICE ON THE POSITION OF THE NETHERLANDS IN THE EU,
NATO AND THE UN

1. The European Union

The position of the Netherlands in an EU with 25 Member States has been under consideration for some time now. Besides the 'closer cooperation' referred to in the new treaty, other more informal leading groups may emerge. The 'big five' are cooperating on JHA, and France, the United Kingdom and Germany appear to want to take the lead when it comes to the CFSP and the CESDP. There are other fields of activity within the EU that may lend themselves to closer cooperation on a structured or unstructured basis.

The questions here are: Which dossiers could the Netherlands successfully handle with the help of an informal 'leading group', and which countries could it work with most effectively on each of the various dossiers? Does the AIV believe there are topics for which the Netherlands should itself initiate closer cooperation and/or the creation of informal groups? What role can cooperation between the Benelux countries play here? How can the Community method be maintained and inclusiveness be promoted? What weighting of votes will be desirable and feasible under conditions of closer cooperation, given the provisions on 'structured cooperation' in the new treaty?

2. NATO

The questions here are: To what extent are ad hoc coalitions that emerge within NATO and during individual operations compatible with the consensus model on which cooperation within NATO is based? In what circumstances can NATO partnerships (on a project basis or otherwise) with organisations such as the EU, the OSCE, the UN and other regional or international bodies that deal with security aspects play a part? How should the relationship between NATO and Russia develop? Is the present composition of NATO still sufficient for it to carry out its new core tasks, or should new strategic partners (such as Japan, South Korea, China and Australia) be sought?

3. The UN

Experience gained and lessons learned in connection with Kosovo and Iraq will play a role in the reform of the United Nations. The High-Level Panel is due to report to the UN Secretary-General at the end of this year. The questions here are: What could the Netherlands do to enhance the UN's legitimacy and decisiveness when intervening in situations that pose a threat to peace and security? What scope is there for a coordinated EU stance within the Security Council on this as well as other matters (Article 19 of the Treaty on European Union)? How can the Netherlands' involvement in other global fora with development, financial, social and economic agendas best be used in support of UN efforts to promote peace and security? What can the Netherlands do within the EU and NATO to help make the UN more effective and ensure that efforts to promote peace and security are implemented in practice?

List of abbreviations

AIV	Advisory Council on International Affairs
CBRN	Chemical, Biological, Radiological and Nuclear
CFSP	Common Foreign and Security Policy
EC	European Community
ECSC	European Coal and Steel Community
EEC	European Economic Community
EMU	Economic and Monetary Union
ESDP	European Security and Defence Policy
EU	European Union
G7	The seven leading industrial nations
G8	The eight leading industrial nations (G7 and Russia)
G20	A forum for industrial nations
GATT	General Agreement on Tariffs and Trade
GNP	Gross National Product
HLP	High-Level Panel
IFIs	International Financial Institutions
IMF	International Monetary Fund
ISAF	International Security and Assistance Force
NATO	North Atlantic Treaty Organisation
NGO	Nongovernmental Organisation
NRF	NATO Response Force
OECD	Organisation for Economic Cooperation and Development
OEEC	Organisation for European Economic Cooperation
SER	Social and Economic Council (of the Netherlands)
UN	United Nations
UNEP	United Nations Environment Programme
(UN)GA	(United Nations) General Assembly
UNSG	United Nations Secretary-General
US	United States
WEU	Western European Union
WHO	World Health Organisation
WTO	World Trade Organisation

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*   Issued jointly by the Advisory Council on International Affairs (AIV) and the Advisory Committee
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**   Also available in French and Russian.

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***   Joint report by the Advisory Council on International Affairs (AIV) and the Advisory Committee on Aliens
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