

Luxembourg and the European integration process

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Luxembourg and the European integration process

After the Second World War, Luxembourg abandoned its political neutrality and implemented a new international economic and military cooperation policy. As early as September 1944, the governments-in-exile of Luxembourg, Belgium and the Netherlands had signed a customs convention in London establishing the Benelux Customs Union. On 16 April 1948, in Paris, Luxembourg signed the Convention establishing the Organisation for European Economic Cooperation (OEEC), uniting those Western European countries receiving US aid under the Marshall Plan. These economic agreements were closely followed by new military alliances. On 17 March 1948, Luxembourg signed the Brussels Treaty establishing Western European Union, a military and economic alliance between its five founding States. A year later, on 4 April 1949, the Benelux countries joined the North Atlantic Treaty Organisation (NATO), whose members resolved to provide assistance to each other in the event of aggression.

Accordingly, by the end of the 1940s, Luxembourg was a member of all the major post war economic and military alliances. The country pursued its new foreign policy by participating in the first plans for European integration. On 5 May 1949, in London, the Grand Duchy signed the Statute of the Council of Europe, a political organisation whose member States undertook to uphold the principles of democracy and respect for human rights.

On 9 May 1950, Robert Schuman, French Minister for Foreign Affairs but born in Luxembourg, proposed the pooling of the coal and steel resources of France and Germany in an organisation open for membership to other European countries. It was the establishment of the European Coal and Steel Community (ECSC) that constituted the real launch of the European integration process. Given its geopolitical situation, Luxembourg could hardly remain aloof. Moreover, the country's future depended greatly on Franco-German reconciliation, which constituted the foundation for the European organisation.

For the first time, sovereign States envisaged the transfer of some of their powers and responsibilities to a supranational entity. Luxembourg had a great deal at stake. The abandonment of customs duties on coal and steel, which by far constituted the country's main industry, raised serious concerns. On 18 April 1951, Luxembourg finally signed the Treaty establishing the ECSC and confirmed its commitment to the process of European integration. The Treaty entered into force on 23 July 1952.

Given the importance of the coal and steel industry for Luxembourg's economy, the country held a significant position among the Six. Luxembourg was directly represented in all the institutions of the new Community, which were temporarily located in the City of Luxembourg. During the night of 24 to 25 July 1952, after lengthy diplomatic negotiations held in Paris on the location of the seat of the European Coal and Steel Community (ECSC), Joseph Bech, Luxembourg Foreign Minister, proposed the City of Luxembourg as the new organisation's provisional place of work. His counterparts accepted the proposal with great relief, for it meant that work could begin immediately, without their having to take a final decision on what was a very controversial issue. The capital of the Grand Duchy therefore became the provisional seat of the High Authority, the Consultative Committee and the Court of Justice of the ECSC. The Special Council of Ministers similarly held its meetings in Luxembourg. Although the sessions of the Assembly were held in Strasbourg, a rudimentary parliamentary administration was also set up in Luxembourg. This decision was of utmost significance for Luxembourg, which became, according to Jean Monnet, 'the crossroads of Europe' (1).

Following the failure of the European Defence Community (EDC) and the abandonment of plans for a European Political Community (EPC) as its umbrella organisation, the European Coal and Steel Community (ECSC) went through a serious crisis. In order to recover from this crisis and revive European integration, the Six agreed to create a Common Market. This presented problems for Luxembourg, both on an economic level and with regard to the free movement of workers. Following difficult negotiations, the Grand Duchy was granted temporary protective measures and, on 25 March 1957, the Rome Treaties establishing the European Economic Community (EEC) and the European Atomic Energy Community (EAEC or Euratom) were signed.

However, the issue of the seat of the European institutions was far from being resolved by the decision taken in 1952. In 1965, the signing of the Treaty merging the executive bodies of the three Communities — the ECSC, the EEC and Euratom — led to the accommodation of most of the departments of the Council and the Commission in Brussels. Luxembourg was no longer the seat of the ECSC High Authority but, by way of compensation, remained the seat of the European judicial and financial institutions. In the 1965 Decision, Luxembourg is included, along with Brussels and Strasbourg, as a provisional place of work of the Community institutions. In 1992, a decision was finally taken concerning the location of the seats of the institutions. This decision was confirmed by Protocol No 8 annexed to the Treaties by the 1997 Treaty of Amsterdam.

The City of Luxembourg is the seat of the Court of Justice and the Court of First Instance, the Court of Auditors and the European Investment Bank. The Secretariat of the European Parliament and its departments, as well as several Commission departments, are similarly located in Luxembourg. During the months of April, June and October, the Council also holds its meetings in Luxembourg.

Since the early days of European integration, Luxembourg has successfully sought to play its full and proper role as a member in a Community that is constantly evolving, whilst firmly retaining its own national identity. The country has held the Presidency of the Council of the European Union ten times. In accordance with the rotating system of six-monthly Council Presidencies, it has also held the Presidency of the European Council seven times. Despite the modest quantity of diplomatic and material resources available, the Luxembourg Presidency has always lived up to expectations.

Three European Councils held during a Luxembourg Presidency merit particular attention: in December 1985, the Heads of State or Government of the Ten concluded an agreement of principle on a reform of the Community institutions that made possible the adoption of the Single European Act in February 1986; in June 1991, the Draft Treaty on Union drawn up by the Luxembourg Presidency served as the basis for negotiations which resulted in the Treaty of Maastricht; in December 1997, the European Union reached agreement on its enlargement to include the countries of Central and Eastern Europe. From 1 January to 30 June 2005, as it held the Presidency of the European Union of 25, Luxembourg found itself once again the focus of European and international attention.

(1) Jean Monnet: *Memoirs*, Fayard, Paris 1976, p. 434.