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Robert Schuman Centre for Advanced Studies
Integrating Diversity in the European Union (InDivEU)

**The Politics of Differentiated Integration: What do
Governments Want? Country Report - Luxembourg**

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European University Institute

Robert Schuman Centre for Advanced Studies

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What do Governments Want? Country Report - Luxembourg

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Integrating Diversity in the European Union (InDivEU) is a Horizon 2020 funded research project aimed at contributing concretely to the current debate on the 'Future of Europe' by assessing, developing and testing a range of models and scenarios for different levels of integration among EU member states. InDivEU begins from the assumption that managing heterogeneity and deep diversity is a continuous and growing challenge in the evolution of the EU and the dynamic of European integration.

The objective of InDivEU is to maximize the knowledge of Differentiated Integration (DI) on the basis of a theoretically robust conceptual foundations accompanied by an innovative and integrated analytical framework, and to provide Europe's policy makers with a knowledge hub on DI. InDivEU combines rigorous academic research with the capacity to translate research findings into policy design and advice.

InDivEU comprises a consortium of 14 partner institutions coordinated by the Robert Schuman Centre at the European University Institute, where the project is hosted by the European Governance and Politics Programme (EGPP). The scientific coordinators of InDivEU are Brigid Laffan (Robert Schuman Centre) and Frank Schimmelfennig (ETH Zürich).

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**Integrating
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Abstract

This report examines the politics of differentiated integration (DI) in Luxembourg between 2004 and 2020. It looks at the salience of DI in government discourse at the conceptual level and also in terms of more concrete references to DI mechanisms and instances. The report aims to define the position of the government of Luxembourg – understood broadly as the set of all political actors. The report relies on quantitative text analysis and qualitative analysis of the salience of DI and Luxembourg's position on it. Overall, references to DI concepts are rare, although the idea of a multi-speed Europe has been debated. References to DI mechanisms (enhanced cooperation and opt-outs) and specific instances are more frequent than conceptual references in parliamentary debates. The government of Luxembourg generally adopts a neutral or positive position on DI (concepts, mechanisms and instances). Luxembourg supports DI when it refers to a multi-speed Europe in which the country can act as an example of European integration and incentivise other Member States to follow its path. In accordance, Luxembourg tends to reject opt-out mechanisms for Member States in EU law while supporting (and joining) most instances of enhanced cooperation. In general, Luxembourg participates in most mechanisms that can put the country at the vanguard of European integration. In stark contrast, Luxembourg opposed one important instance of enhanced cooperation which it considered would hurt its core financial interests (the Financial Transaction Tax).

Keywords

European Integration; differentiated integration; Luxembourg; DI salience and position.

Summary of Results

I. Salience

This report examines the salience of differentiated integration (DI) in political debates in Luxembourg between 2004 and 2020. References to DI concepts are rare, but generally pertain to multi-speed Europe. References to DI mechanisms (enhanced cooperation and opt-outs) or specific DI instances are more frequent than conceptual references in parliamentary debates.

II. Position

The government of Luxembourg generally adopts a neutral or positive position on DI (concepts, mechanisms and instances). Luxembourg supports DI when it refers to a multi-speed Europe particularly if the country can act as an example of European Integration and incentivise other Member States to follow its path. In accordance, Luxembourg tends to reject opt-out mechanisms for Member States in EU law while supporting (and joining) most instances of enhanced cooperation. In general, Luxembourg participates in most mechanisms that can put the country at the vanguard of European integration. In stark contrast, Luxembourg opposed one important instance of enhanced cooperation which it considered would hurt its core financial interests (the Financial Transaction Tax).

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1. Introduction

This report examines the politics of differentiated integration (DI) in Luxembourg between 2004 and 2020. It looks at the salience of DI in government discourse, both in terms of concepts and specific concrete references. The aim is to define the position of the government of Luxembourg on DI and to assess its position on a number of mechanisms and instances of differentiated integration. The report uses a broad definition of the country's government as the set of all institutional actors.

The report distinguishes three levels of abstraction in government discourse on DI. First, two different models of DI are distinguished at the conceptual level. On the one hand, the 'multi-speed EU' model depicts DI as a temporary phenomenon and implies that all Member States (MSs) will ultimately reach the same level of integration. On the other hand, the 'multi-end EU' model depicts DI as a potentially permanent feature of European integration. In this model, the MSs do not necessarily strive to reach similar levels of integration. Instead, each MS can 'pick and choose' to adjust its own level of integration to national preferences and capacities. Second, the analysis focuses on DI mechanisms. On the one hand, the enhanced cooperation mechanism allows a limited group of MSs – under certain conditions – to pursue deeper integration without having to involve all the MSs. On the other hand, the 'opt-out' mechanism allows MSs to refrain from participating in common policies. In short, enhanced cooperation allows a MS to integrate more than other MSs while 'opt-outs' allow a Member State to integrate less than other MSs. Finally, the analysis looks at various instances of differentiated policies and policy fields. A total of twenty-one instances are included in the analysis. They are grouped in four different categories: (a) instances of enhanced cooperation, (b) instances of opt-out policy fields, (c) instances of inter se agreements and (d) instances of external agreements. Inter se agreements are agreements which EU Member States conclude outside the framework of the European Union. External agreements are agreements between the EU and non-EU states.

In a first step, the report examines the salience of differentiated integration in Luxembourgish government discourse at three levels of abstraction: DI models, DI mechanisms and DI instances. The analysis of salience relies mostly on computer assisted word counts, complemented with a close reading in order to contextualise the references to DI in the various party and legislative documents (see Appendix 2 for an overview of the key words used in the analysis). The major assumption of the salience-based analyses is that the more governments talk about DI, the more relevant it is. In order to evaluate how much – and in what manner – different government bodies refer to DI, I examine a variety of sources, from more general documents (governing party government programmes, prime minister annual *Discours sur l'Etat de la Nation*) to more specific ones (Prime Minister speeches dedicated to the EU and extended records of parliamentary debates in the National Assembly). The data analysed in this report consist of (1) government programmes, (2) inauguration speeches/Prime Minister vote of confidence speeches and the following debates, (3) President speeches in the European Parliament and the following debates and (4) records of parliamentary committees. See Appendix 1 for an overview of the documents included in the analysis.

While salience gives a good indication of the Luxembourgish government's emphasis on differentiated integration, it does not fully allow its actual position on the issue to be derived. In order to assess the government's position on differentiated integration, the report relies on a qualitative assessment of the most relevant statements on differentiated integration in different sources.

Section 2 of this report investigates the salience of DI in parties' government programmes (2.1.), Prime Ministers' speeches (2.2.) and parliamentary debates (2.3.). Section 3 qualitatively examines the positions of government actors at the three levels of DI (concepts, mechanisms and instances). A final section summarises the main results and concludes the report.

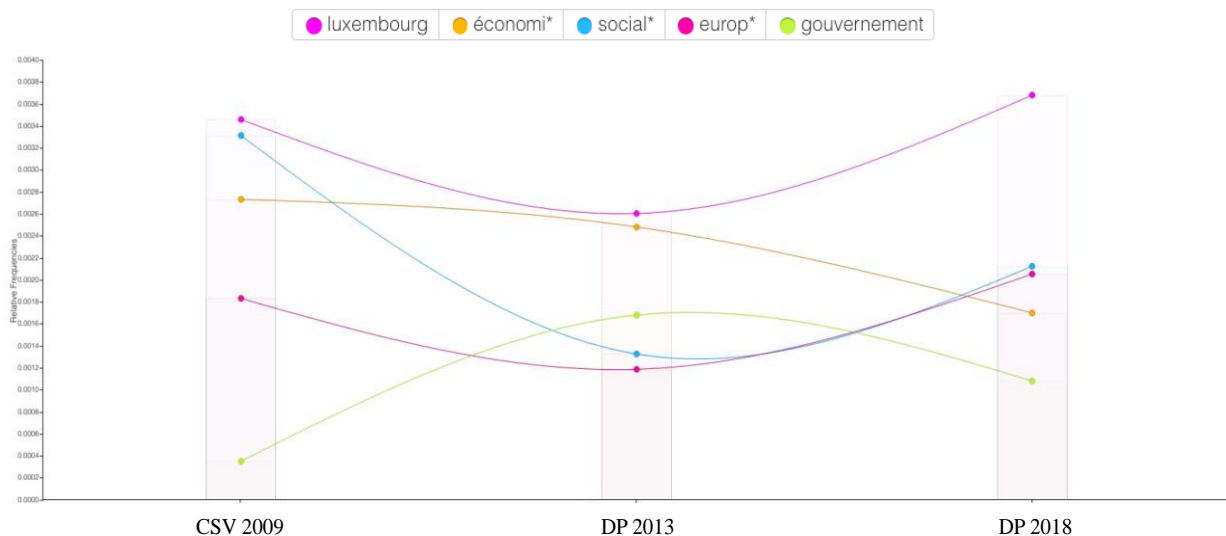
2. The salience of differentiated integration

2.1 Parties' government programmes

The government programmes issued by political parties on the occasion of legislative elections give an insightful first look at the salience of DI in Luxembourgish politics. In the following analysis, I examine the detailed government programme of the winning parties in the last three elections of the Chambre of Deputies: the *Chrëschtlech-Sozial Vollekspartei* (Christian-Social People's Party, CSV) in 2009 and the *Demokratesch Partei* (Democratic Party, DP) in 2013 and in 2018. The CSV is a conservative (centre)-right party and a member of the European People's Party (EPP), while the DP is a liberal party and a member of the Alliance of Liberals and Democrats for Europe (ADLE). Since I only include winning parties and given the timeframe of the analysis (2004-2020), no left-wing parties are included. However, it should be noted that the social-democratic *Lëtzebuenger Sozialistesche Aarbechterpartei* (LSAP) was part of all four government coalitions between 2004 and 2020.

There are almost no direct references to DI in the government programmes of the two parties that have led government coalitions in the last decade. However, Europe is a generally important topic in these documents. A computer-assisted word count shows that EU-related issues are as salient as broad political key words such as 'government' and also as social and economic issues. Figure 1 shows that the proportion of such concepts seems to vary in a similar way over time: overall the CSV and the DP make references to issues to a similar extent.¹

Figure 1 - The salience of issues in parties' government programmes

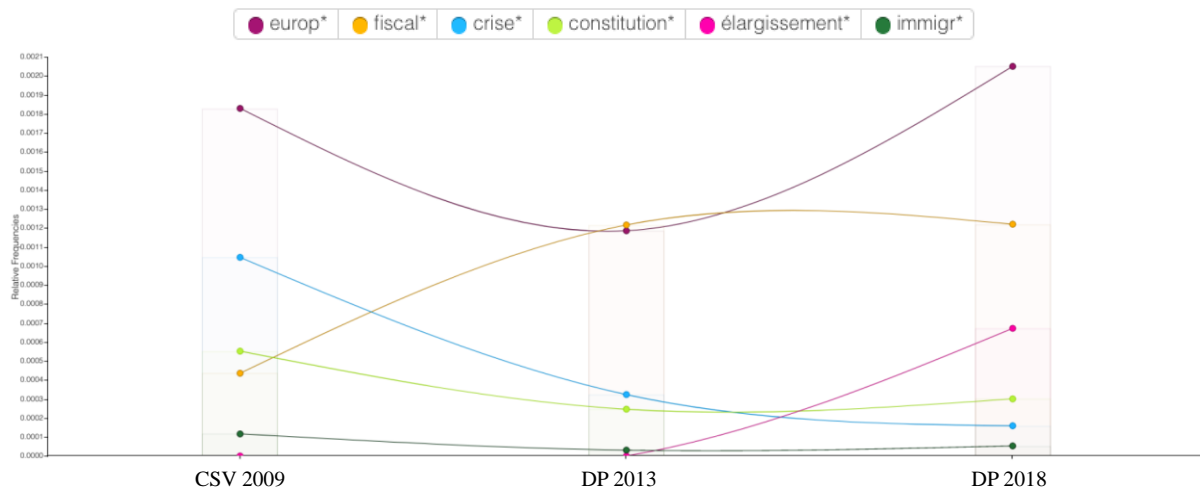


The key words respectively relate to the following issues: Luxembourg, the economy, social issues, Europe, government.

A closer look at the issues covered in the parties' government programmes confirms that Europe is a highly salient topic for Luxembourgish parties. While parties do not engage in specific institutional positions, such as on DI, Europe-related key words are more salient than many conventional political issues, such as fiscal issues, immigration and crises (Figure 2).

¹ Note that the prevalence of 'social issues' for the CSV is largely explained by this key phrase being included in the party's name.

Figure 2 - The salience of specific issues in parties' government programmes



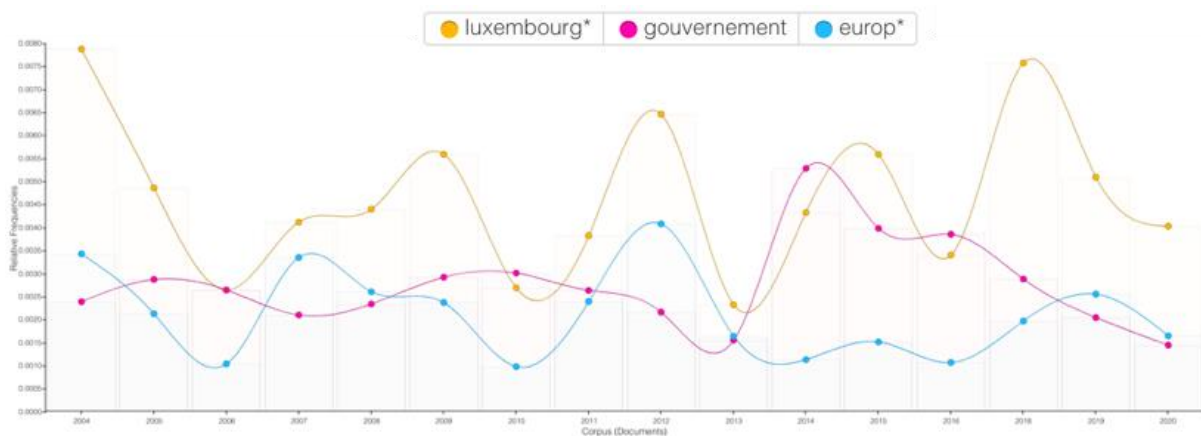
The key words respectively relate to the following issues: Europe, fiscal issues, crisis/crises, constitution, EU enlargement, immigration.

2.2 Prime Minister speeches

References to DI are virtually absent from party programmes, although they all deal with Europe in a significant manner. However, these documents are insufficient to assess the salience of the European issue in wider government debates. The following analysis examines the salient issues in the yearly speeches on the State of the Nation (*Discours sur l'Etat de la Nation*). In these formal speeches, the Prime Minister addresses the Chamber of Deputies (*Chambre des Députés*) and reviews all major political issues. Luxembourg had two different Prime Ministers during the period 2004-2020: Jean-Claude Juncker (1995-2013, CSV) and Xavier Bettel (since 2013, DP). Figure 3 shows the salience of broadly defined political issues in these yearly speeches between 2004 and 2020. Neither Prime Minister made any direct references to DI, either conceptual or in terms of specific mechanisms and instances, yet their emphases on Europe diverged. In his speeches, Jean-Claude Juncker often referred to Europe, and with similar trends to his references to Luxembourg itself. Indeed, Jean-Claude Juncker has always been an active European politician, while he was Prime Minister of Luxembourg and afterwards (President of the Eurogroup between 2005 and 2013 and then President of the EU Commission from 2014 to 2019).² On the other hand, while Xavier Bettel is also a staunch pro-European, the salience of European issues in his speeches on the state of the nation was lower than in those of his predecessor.

² Jean-Claude Juncker followed in the steps of the two previous Prime Ministers (and fellow members of the CSV): Jacques Santer (Prime Minister 1984-1995 and President of the Commission 1995-1999) and Pierre Werner (Prime Minister 1979-1984 and father of the European Economic and Monetary Union).

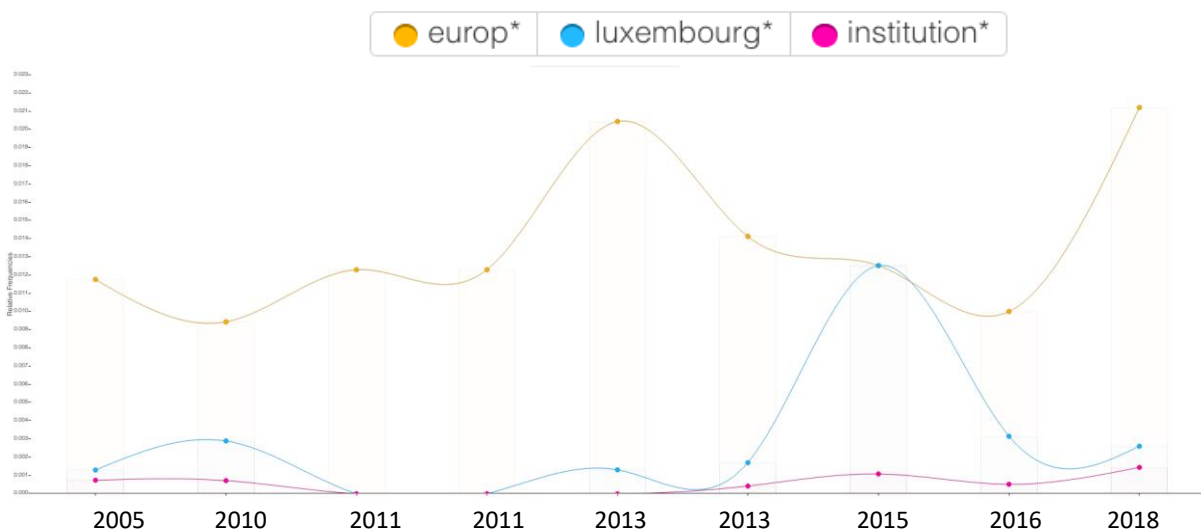
Figure 3 - The salience of issues in Prime Minister annual speeches on the state of the nation



The key words respectively relate to the following issues: Luxembourg, government, Europe.

In speeches focussed on the European Union (in the European Parliament or specifically addressing European issues), references to DI were also virtually inexistent. In fact, references to institutional aspects of the EU were generally very limited (Figure 4). In these speeches, the main variation over time was linked to the Luxemburgish presidency of the Council of the EU between July and December 2015.

Figure 4 - The salience of issues in Prime Minister speeches on Europe



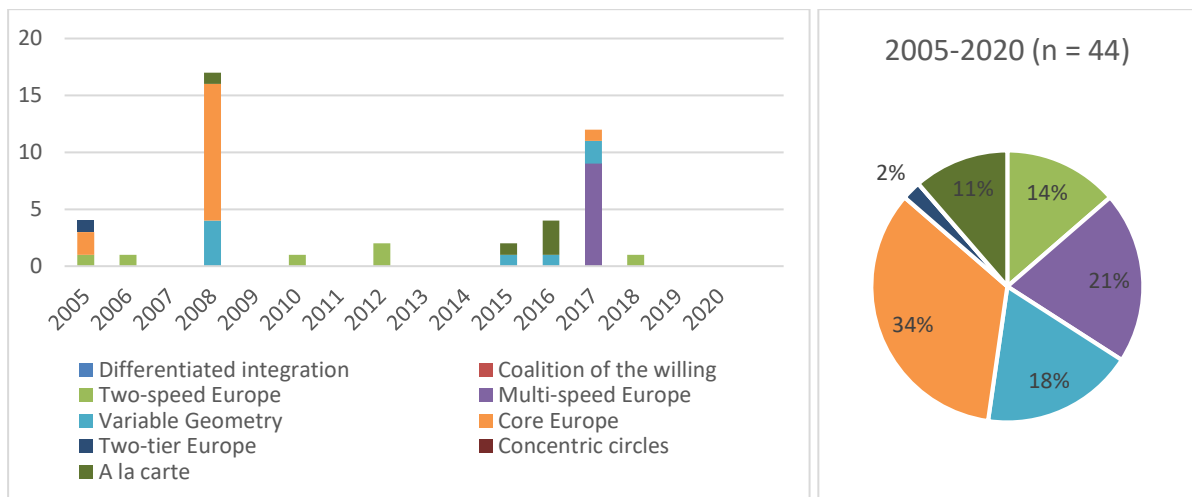
2.3 Parliamentary debates

In order to grasp the salience of DI (models, mechanisms and instances) more precisely, the following analysis focuses on records of parliamentary debates in the Chamber of Deputies. This analysis relies on a corpus of extended parliamentary debates between 2005 and 2020 (the documents consist of complete parliamentary records and summary articles provided by the Chamber of Deputies). This period covers most of Juncker's and Bettel's periods in office as Prime Ministers, and also covers major European events that sparked discussion on differentiated integration: the constitutional debate on the Treaty establishing a European Constitution (TCE), the EU enlargements of 2004 and 2007, the 2011-2015 eurocrisis, the 2014-2016 so-called refugee crisis, the Brexit debates from 2016 onwards and part

of the European response to the coronavirus crisis since 2020. The following analysis relies on a computer-assisted key word count to assess the significance of the three levels of DI.

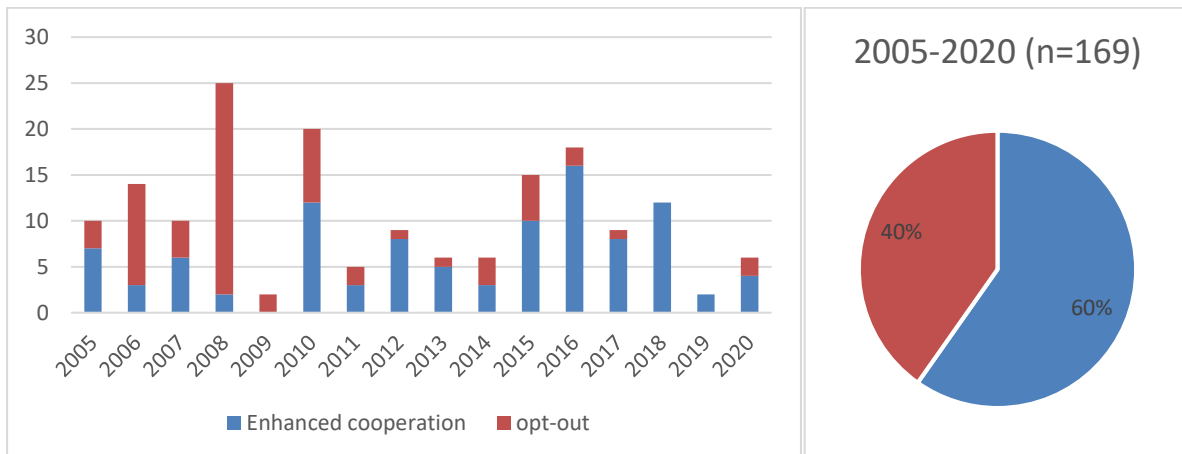
In general, there were few references to DI concepts in debates in the Chamber of Deputies (N=29). Indeed, ‘differentiated integration’ itself was never mentioned and neither were references to a ‘coalition of the willing’ or a Europe of ‘concentric circles.’ Over the period, DI models were mostly discussed on two occasions referring to the concept of multi-speed Europe. In 2008, opposition MP Charles Goerens extensively discussed the notion of ‘core Europe,’ and particularly as an attractive counterbalance for states that may question their membership of the EU. It was not argued that constituting such a ‘core Europe’ was desirable in itself but rather that its (unquestioned) success would incentivise Member States that may be reluctant to further integrate to reconsider. The concept of multi-speed Europe was similarly debated in 2017. Reflecting on the possibility of this DI model it was argued that a multi-level Europe already existed, and that Luxembourg, as a member of the Parliament of Benelux, was already in its avant-garde.

Figure 5 - The Salience of DI in parliamentary debates: conceptual level



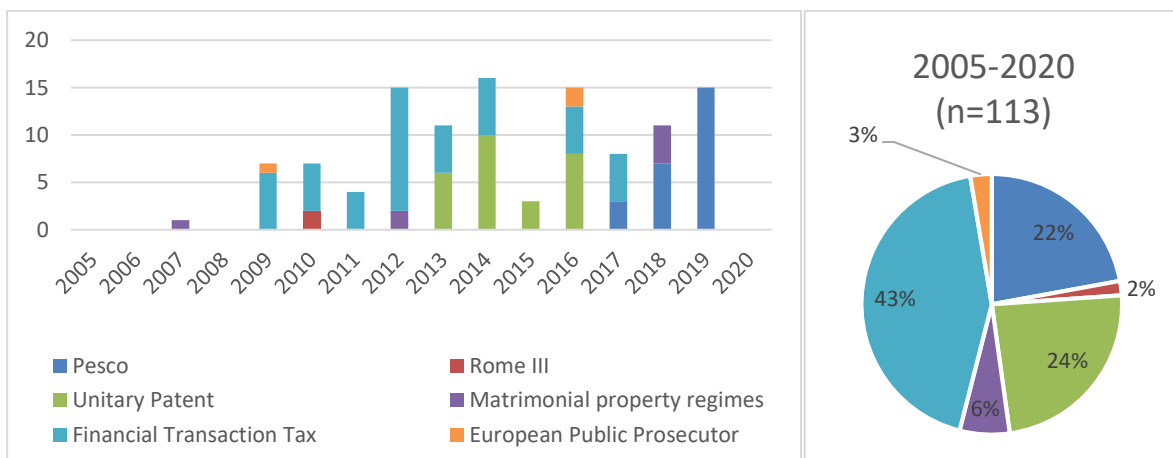
In parliamentary debates, DI mechanisms were mentioned much more than DI concepts (N=169). This proportion was equally distributed over time but references to enhanced cooperation and opt-outs evolved over time. Indeed, opt-outs were more salient at the beginning of the period under analysis (particularly mentioning Great Britain and labour law in 2006 and 2008). However, in 2015, 2016 and 2017, the concept of enhanced cooperation was more prominent, mostly referring to economic issues (economic integration, control of financial flows linked to terrorism and the Financial Transaction Tax).

Figure 6 - The salience of DI mechanisms in parliamentary debates



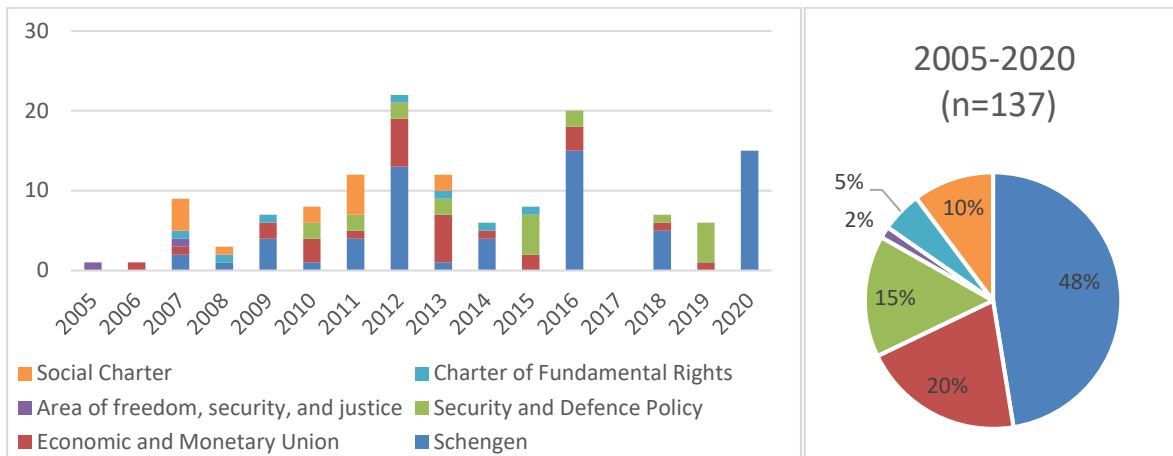
Debates on potential enhanced cooperation on a Financial Transaction Tax actually constituted 43% of all mentions of this DI mechanism (N=49). It should be noted that Luxembourg was not part of the European-level debates on this mechanism, yet it was extensively discussed (negatively) in the Chamber of Deputies. Most other mentions of enhanced cooperation related to mechanisms which Luxembourg takes part in (the Unitary Patent and PESCO, respectively 22% and 24% of all mentions).

Figure 7 - The salience of instances of enhanced cooperation



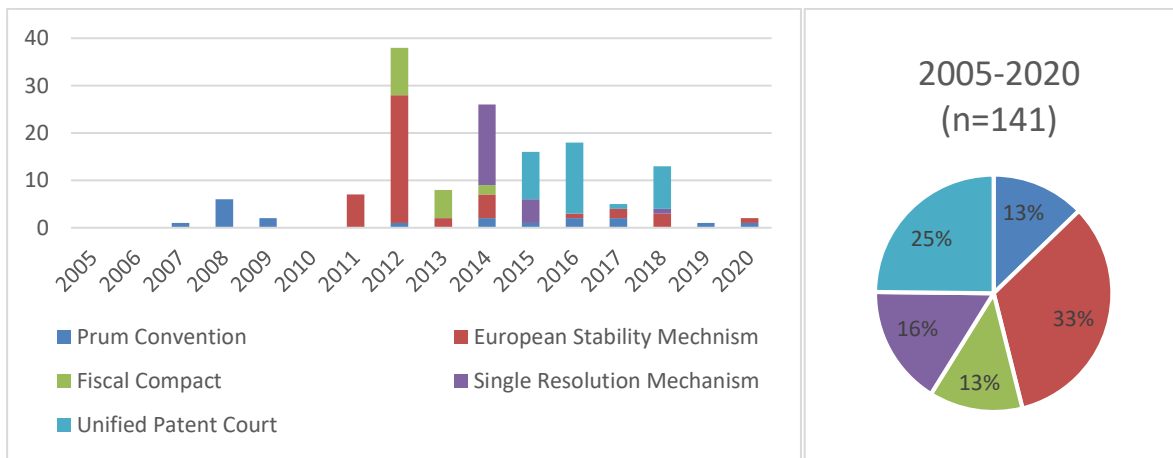
The mentions of opt-outs in parliamentary debates also focused particularly on one issue: the Schengen area (N=65, or 48%). The debates on Schengen were usually linked to external events such as the potential reform of the area in 2012, the consequences of the ‘refugee crisis’ in 2016 and the implications of the shutdown of national borders in the wake of the coronavirus crisis in 2020. Other mentions mostly related to instances of enhanced cooperation (the Economic and Monetary Union and Pesco, respectively 20% and 15%).

Figure 8 – The salience of opt-out policy fields

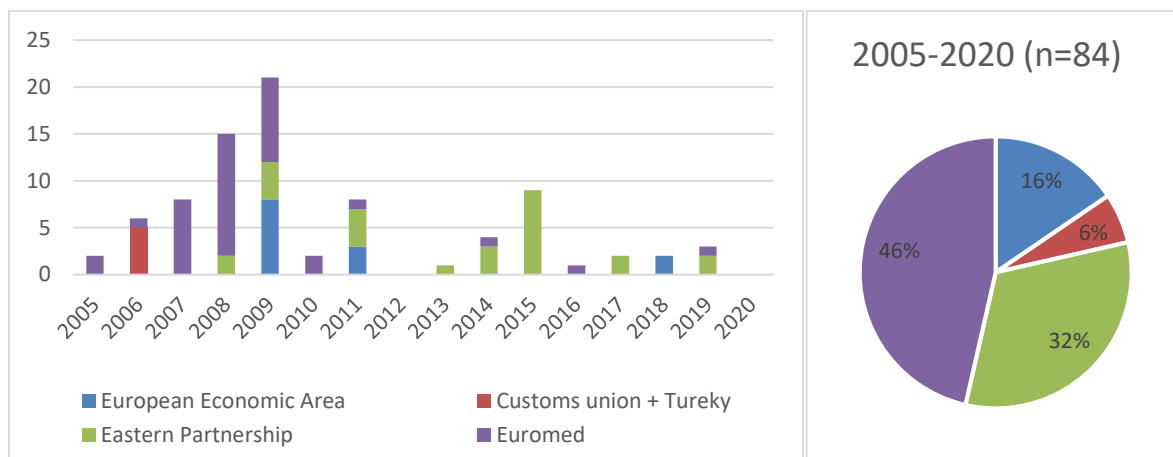


Like DI mechanisms, specific instances of DI were more salient in parliamentary debates than conceptual references (N=141). The great majority of these references were to ‘inter se agreements’ discussed and implemented at the European level: the European Stability Mechanism (33%) and the Fiscal Compact in 2012 (13%), the Single Resolution Mechanism in 2014 (16%) and the Unified Patent Court (ratified) in 2015 and 2016 (25%).

Figure 9 - The salience of inter se agreements



In the same line, instances of external association agreements were far more salient than conceptual references to DI in parliamentary debates (N=84). They pertained mostly to Euromed between 2007 and 2009 in the wake of the creation of the Union for the Mediterranean in 2008, and to the Eastern partnership in the context of the Ukrainian crisis in 2015.

Figure 10 - The salience of external association agreements

3. The governments' positions on DI

The salience analysis in the previous section is a good indication of the emphasis that the government of Luxembourg (in a broad sense) puts on DI in terms of concepts, mechanisms and instances. However, it does not allow the position of (different) actors on this to be clearly defined. The following section examines actual positions on DI in a closer way through a qualitative assessment of the most relevant references to DI. The core of this analysis relies on records of the debates in the Chamber of Deputies (as references to DI are virtually inexistant in party programmes and Prime Minister official speeches).

3.1 Positions on models of differentiated integration

The few references to the conceptual levels of DI in parliamentary debates are ambiguous: DI is undesirable in principle, praised when it leads to further cooperation/integration and rejected when it leads to cherry-picking of EU policies. Debates on different political issues in 2008 and 2017 expressed this dual position when the concepts of 'multi-speed Europe' and 'core Europe' were debated. While DI concepts were generally considered undesirable, they could potentially provide incentives for further integration by serving as models. This position was clearly expressed in the words of MP Charles Goerens (DP) quoting MEP Robert Goebbels (LSAP):

"The 27 Member States cannot avoid asking their citizens the following question: do you want to stay in the European Union? States where 'no' should win should act consequently and chose the path of an association treaty with the EU. The other states would constitute a 'core Europe' which could go forward with a genuine more integrated and more social political Europe. The gravity force of this core Europe would be greater for peoples than the patched-up treaties which have been established since the Nice Summit"³ (01/07/2008).

In his reply the Minister for European Affairs, Nicolas Schmit (LSAP), was generally more cautious, warning that such a DI strategy may not be desirable but not rejecting it. Forms of DI were even praised in parliamentary debates when they implied further European integration and they could serve as models

³ "Les 27 États membres n'échapperont pas à poser à leurs peuples la question suivante: voulez-vous rester dans l'Union européenne? Les États où le non l'emporterait devraient en tirer les conséquences et opter éventuellement pour un traité d'association avec l'UE. Les autres États formeraient un noyau dur qui pourrait aller de l'avant pour une vraie politique européenne plus intégrative et plus sociale. Cette Europe à géométrie variable pourrait nous amener plus loin dans la défense de l'intérêt commun des peuples d'Europe. La force d'attraction d'un noyau dur serait plus grande pour les peuples, que ces traités ra-fistolés qui ont constitué le menu indigeste proposé depuis le Sommet de Nice" (Charles Goerens, DP, 01/07/2008).

for other countries. For instance, MPs showcased the differentiated integration policies in which Luxembourg was a prominent partner, such as the Euroregion Saar-Lor-Lux and the extensive parliamentary cooperation between the Benelux countries. An official summary of the debates in Parliament was even entitled ‘*Benelux is at the forefront of multi-speed Europe*’ (Compte Rendu n°08 – 2016-2017). However, most actors in the Luxemburgish government never fully supported the concept of differentiated integration, and even bluntly rejected it when it allowed Member States to cherry-pick policies rather than further integrate. Referring to broad political issues such as social Europe and immigration, the President of the Chamber of Deputies, Mars Di Bartolomeo (LSAP), insisted that “*the Great-Duchy of Luxemburg would rather avoid a two-speed Europe*” (Compte Rendu n°10 – 2017-2018). More specifically, Prime Minister Xavier Bettel clearly expressed a similar position when discussing the beginning of the Brexit negotiations in 2016:

“when Article 50 is invoked, negotiations start. Negotiations mean that if you want something positive from Europe, you cannot set aside the rest. It is a package. You cannot have a Europe ‘à la carte.’ Europe is a peace project; it is a solidarity project, a common project, not a project of selfishness and national interests.”⁴

3.2 Positions on differentiated integration mechanisms

The positions of Luxemburgish governments on DI mechanisms were generally pro-European: favouring enhanced cooperation on further integration but negatively assessing opt-outs. This position is no golden rule, as Luxembourg opposes some enhanced cooperation that could be considered to negatively impact the national interest, most notably the Financial Transaction Tax.

The debate on a specific labour directive and its implementation (directive 2003/88/CE) provides a compelling example of the negative position of almost all government actors on opt-outs. This position was supported across political groups (government and opposition), and particular references were made to the negative impact of a British opt-out regarding regulated weekly worktime. This was clearly expressed by MP Viviane Loschetter, who “*hope[d] that the Members of the European Parliament from Luxembourg [would] vote against an opt-out in the second reading in the EP scheduled for December 2008*”⁵ (Viviane Loschetter, The Greens, 2006). More than simply opposing opt-outs, the government of Luxembourg took on the task of lobbying against opt-outs in the European institutions. Still debating the same directive, Loschetter put a resolution in parliament to “*strive, as much as possible, to follow the initiatives of the position of the European Parliament of 11 May 2005 regarding the suppression of any opt-out mechanism*.”⁶ This resolution was adopted by a large margin (50 to 10). To conclude, in 2008 Labour Minister François Biltgen (CSV) insisted that Luxembourg supported a “phasing out” (in English) of opt-out mechanisms.

Luxembourg’s participation in most DI mechanisms was hardly ever questioned. For instance, in the extensive debates on the creation of the Economic and Monetary Union (EMU) and the European Stability Mechanism in 2012, the country’s membership to these mechanisms of cooperation was evident, and considered instrumental to pave the way for further integration. For instance, Prime Minister Xavier Bettel, linked Luxembourg’s participation in EMU to a consolidated common governance and outside representation of this institution:

⁴ “Wann den Artikel 50 invoquéiert gëtt, ginn d’Négociatiounen un. Négociatiounen heeschen: Wann ee wëllt déi eng positiv Saach vun Europa kréien, da geet et net, dass een dann de Rescht net hëlt. C’est un tout. Et kann een net en Europe à la carte hunn. Europa ass e Friddensprojet, e Solidaritéitsprojet, e gemein- same Projet, an net e Projet vun Egoismus a vun nationalen Interessi!” (Xavier Bettel, 30/06/2016).

⁵ “(...) espérant que les députés luxembourgeois se prononceront contre le principe de dérogation lors de la deuxième lecture du Parlement Européen prévue pour décembre 2008” (Mme Viviane Loschetter, Déi Gréng, 05/04/2006).

⁶ “à oeuvrer en vue de suivre, pour autant que possible, dans ses démarches futures la position adoptée par le Parlement européen le 11 mai 2005 en matière de suppression de toute possibilité d’opt-out” (Mme Viviane Loschetter, Déi Gréng, 05/04/2006).

“in 2012, in the detailed project for a genuine and consolidated EMU, the commission underlined that the progress in terms of economic governance should lead to improving and consolidating the external representation of the euro, which should also, if possible, be unified in economic and financial organisations.”⁷

Even more clearly, the enhanced cooperation of Benelux countries was officially considered a mechanism to support European integration and act as a role model for other Member States. On the occasion of the 50th anniversary of the first Benelux treaty, the Luxembourg Chamber of Deputies clearly stated this role:

“It should be noted that the cooperation in Benelux is more than a simple treaty, since its political essence is to promote collaboration and support for the Netherlands, Belgium and Luxembourg in the interest of their citizens, but also to promote European integration. Despite the construction of Europe, the political cooperation of the three Benelux countries is ever broader, more visible, and constitutes a real added value”⁸ (Compte Rendu n°7, 2012-2013).

Overall, the governments of Luxembourg adopted staunchly pro-Europe positions in terms of DI mechanisms: furthering integration through enhanced cooperation and actively trying to limit the number and the impact of European opt-outs. For instance, Luxembourg is extremely supportive of the freedom of movement in the Schengen Agreement, and reluctant to admit any opt-out, regardless of the context. Concerning the borders of Luxembourg itself,

“Members of the Parliaments of the Grande Région (Luxembourg, the Belgian province of Luxembourg and Liège, the French region Lorraine, the German States of Saarland and Rhine-Palatinate) have also debated the current European issues concerning the internal borders of the Schengen space and have concluded that no Member State of the EU should go its own way. Specifically, in the Grande Région, it is essential to find an equilibrium between the possibility of controls and the freedom of movement of citizens across borders”⁹ (Compte Rendu n°11, 2011-2012).

3.3 Positions on instances of differentiated integration

Luxembourg influences the governance of DI instances in line with its general position of supporting instances of enhanced cooperation while limiting the number and the policy domain of opt-outs. For instance, the Chamber of Deputies closely followed the debates on Unitary Patents and the establishment of the Unified Patent Court between 2014 and 2016. Although the debates were relatively neutral (monitoring the creation and daily business), Luxembourg’s participation in such instances of DI was never questioned, especially since sections of this court are actually seated in the city of Luxembourg. In a similar line, the Chamber of Deputies closely monitored the activities of PESCO, especially in the context of Brexit. In its official declaration, the Chamber of Deputies clearly stated that enhanced cooperation was positive, should be encouraged and developed, and could possibly lead to simplification and better political integration in the governance of the EU:

⁷ “En 2012, dans son projet détaillé pour une Union économique et monétaire véritable et approfondie, la Commission a souligné que les progrès réalisés dans la gouvernance économique de la zone euro devraient ouvrir la voie à un renforcement et à une consolidation de la représentation extérieure de l’euro, qui devrait également, si possible, être unifiée dans les organisations économiques et financières” (Xavier Bettel, DP, 30/10/2015).

⁸ “Il faut savoir que la coopération Benelux constitue plus qu’un simple traité, son essence politique étant de promouvoir la collaboration et le concours des Pays-Bas, de la Belgique et du Luxembourg dans l’intérêt de leurs citoyens et de faire avancer ainsi l’intégration européenne. En dépit de la construction européenne, la coopération politique entre les trois pays au sein du Benelux prend de plus en plus d’ampleur, de visibilité et constitue une vraie valeur ajoutée” (Compte Rendu n°7, 2012-2013).

⁹ “Les parlementaires de la Grande Région ont également débattu des enjeux européens actuels concernant les frontières intérieures de l’espace Schengen en concluant qu’aucun État membre de l’UE ne devrait faire cavalier seul pour la gestion de ses frontières. En particulier dans la Grande Région, il est indispensable de trouver un juste équilibre entre la possibilité d’effectuer des contrôles et la libre circulation transfrontalière des citoyens” (Compte Rendu n°11, 2011-2012).

“The launch of PESCO, a type of ‘Eurogroup of Defence’ is one of the most remarkable initiatives, since the commitments of the 25 participating Member States are binding (...) The MPs have also discussed propositions aiming at making the decision process in the EU more flexible, such as the introduction of qualified majority votes in the Council of the EU on non-military issues”¹⁰ (Compte Rendu n°4, 2018-2019).

In sharp contrast, Luxembourg took an opposite position in the negotiations on the creation of a Financial Transaction Tax. From 2012 onwards, Luxembourg resisted this tax being implemented in any other form than a voluntary enhanced cooperation, which it had no intention of joining. In 2012, the Chamber of Deputies clearly stated its position on this financial mechanism:

“The Financial Transaction Tax irritates (...). The introduction of a tax on financial transactions in its original form did not unanimously convince the ministers gathered in the Economic and Financial Affairs Council in March 2012. Discussions are open to find an alternative, as the broader questions on the economic consequences and risks of job reallocations outside the EU remained unresolved. It is to be feared that such a tax would have negative consequences on financial hubs such as Frankfurt and Luxembourg”¹¹ (Compte Rendu n°7, 2011-2012).

The government of Luxembourg consistently expressed its opposition to the Financial Transaction Tax and its reluctance to participate in discussions on creating an instance of enhanced cooperation:

“the position of the Luxembourgish government on the introduction of a Financial Transaction Tax has not evolved. At this point, the government has not launched any specific study to evaluate the impact of such an introduction in the framework of enhanced cooperation on the Financial Transaction Tax in the eleven participating Member States, given that the application of such a tax has not been specified and that the declaration of intent of these eleven Member States at the last ECOFIN Council in May was very vague on the topic, as well as on other crucial points”¹² (Pierre Gramegna, Finance Minister, DP, 06/06/2014).

In contrast with the general position of supporting enhanced cooperation among Member States, the government of Luxembourg warned that it would be very cautious if the instance of enhanced cooperation introducing a Financial Transaction Tax infringed national interests:

“regarding this topic, it is to be noted that it is not planned that Luxembourg will participate in the enhanced cooperation aimed at introducing a Financial Transaction Tax. Moreover, during the ECOFIN council meetings Luxembourg will continue to insist that the EU law on enhanced cooperation should be respected as much as the rights of non-participating Member States”¹³ (Pierre Gramegna, Finance Minister, DP, 12/10/2016).

¹⁰ “Le lancement de la PESCO (la coopération structurée permanente), une sorte d’« eurogroupe de la défense » compte parmi les initiatives les plus remarquées, car les engagements pris par les 25 États membres qui y participent sont contraignants. Les députés ont également discuté d’une série de propositions destinées à rendre plus souple le processus décisionnel au niveau de l’UE, comme l’introduction du vote à la majorité qualifiée au Conseil de l’UE pour les questions autres que celles ayant des implications militaires et la création d’un Conseil de sécurité de l’UE” (Compte Rendu n°4, 2018-2019).

¹¹ “La Taxe sur les Transactions Financières irrite (...). L’introduction d’une taxe sur les transactions financières dans sa forme prévue initialement n’a pas trouvé l’unanimité des ministres réunis le 13 mars 2012 au Conseil Affaires économiques et financières de l’Union européenne. Les débats semblent lancés pour trouver une alternative, alors que des questions plus générales relatives aux incidences sur l’économie et aux risques de délocalisation en dehors de l’UE restent en suspens. Il faut craindre que l’introduction d’une taxe n’ait des conséquences pour les places financières de Francfort et de Luxembourg” (Compte Rendu n°7, 2011-2012).

¹² “(...) la position du Gouvernement luxembourgeois n’a pas changé quant à l’introduction d’une taxe sur les transactions financières. À ce stade, le Gouvernement n’a pas lancé d’étude spécifique pour déterminer l’impact de l’introduction dans le cadre de la coopération renforcée de la taxe sur les transactions financières dans les onze États membres participant, étant donné que le champ d’application de la future taxe n’a pas encore été définitivement fixé et que la déclaration faite par dix de ces onze États membres lors du dernier Conseil ECOFIN début mai est restée très vague à ce sujet comme sur d’autres points essentiels” (Pierre Gramegna, Finance Minister, DP, 06/06/2014).

¹³ “Quant au fond, il y a lieu de remarquer qu’il n’est pas prévu que le Luxembourg participe à la coopération renforcée visant à introduire une taxe sur les transactions financières. De même, le Luxembourg continuera, lors des discussions sur

4. Conclusion

This report has examined the salience of differentiated integration for Luxembourg governments and their positions on it. Overall, Europe is a very salient topic in Luxembourgish politics (most notably under the government coalitions led by Jean-Claude Juncker, 1999-2013). In most cases, specific mechanisms and instances of DI were discussed in political debates in Luxembourg, rather than referring to DI at the conceptual level. In their debates in the Chamber of Deputies on DI mechanisms and particular instances of DI, politicians in Luxembourg adopted positive positions on instruments that can develop and unify European integration. Overall, the government of Luxembourg considers DI to be a way for the country to constitute the vanguard of European Integration. Positions on opt-out mechanisms are generally negative while enhanced cooperation is praised, and Luxembourg almost always participates. Luxembourg considers instances of enhanced cooperation in a multi-speed Europe positively as ways for other Member States to join and further integrate. The Financial Transaction Tax, which was debated as a possible instance of enhanced cooperation in the mid-2010s, constituted a major exception: when Luxembourg's core financial interests were at stake the government refused to join any further cooperation and ensured that its right to stay outside remained unaffected.

ce dossier à l'ECOFIN, d'insister sur le fait que les règles communautaires relatives à la coopération renforcée doivent être respectées de même que les droits des États membres non participants" (Pierre Gramegna, Finance Minister, DP, 12/10/2016).

Appendices

Appendix 1 Overview of the documents analysed

	Category of document	Documents analysed	Comments
1	Government programmes	2009 (CSV), 2013 (DP), 2018 (DP)	Extensive party programmes issued by the winning parties in the 2009, 2013 and 2018 elections. (The 2004 CSV programme was excluded because it is only available in Luxembourgish).
2	Speeches on the State of the Nation	2004-2020	Speeches on the State of the Nation (FR: <i>Discours sur l'Etat de la Nation</i> – LUX : <i>Lag vun der Natioun</i>) are pronounced every year by the Prime Minister in front of the Chamber of Deputies.
3	Prime Minister speeches in the European Parliament or specifically on the European Union	Juncker's Luxembourg presidency of the European Council 22/06/2005. Juncker's speech after being awarded the <i>Mérite Européen</i> 25/11/2010. Juncker's speech on Economic Governance in the European Parliament 16/11/2011. Juncker's speech on the legacy of Pierre Werner 18/03/2013. Juncker's speech on the European Union 27/06/2013. Bettel's programme for the Luxembourg presidency of the European Council 01/07/2015. Bettel's speech on the end of the Luxembourg presidency of the European Council 22/01/2016.	Sarkozy's initial declaration to the PE also marked the beginning of the French presidency of the Council.
4	Parliamentary debates	2004-2020 (up to 10/06/2020)	The repository includes minutes of the debates of the Chamber of Deputies (<i>Chambre des Députés</i>).

Appendix 2 differentiated integration key words and French translations

	Key word	French Translation
DI models (conceptual key words)	Differentiated integration	<i>Intégration différenciée</i>
	Coalition of the willing	<i>(Coalition des) Pays volontaires</i>
	Two-speed Europe	<i>Europe à deux vitesses</i>
	Multi-speed Europe	<i>Europe à plusieurs vitesses</i>
	Variable geometry	<i>Géométrie variable</i>
	Core Europe	<i>Noyau européen/Europe-noyau, Noyau dur</i>
	Two-tier Europe	<i>Europe à plusieurs niveaux/multi-niveaux</i>
	Concentric circles	<i>Cercles concentriques</i>
	à la carte	<i>à la carte</i>
	Future of Europe	<i>Futur de l'Europe</i>
DI mechanisms	Enhanced cooperation	<i>Coopération renforcée</i>
	opt-out	<i>opt-out/dérogations</i>
DI instances – enhanced cooperation	Pesco	<i>Pesco/CSP/Coopération Structurée Permanente</i>
	Rome III	<i>Rome III</i>
	Unitary patent	<i>Brevet Unitaire</i>
	Matrimonial property regimes	<i>Régime matrimonial</i>
	Financial Transaction Tax	<i>Taxe sur les Transactions Financières</i>
	European Public Prosecutor	<i>Procureur européen</i>
DI instances – opt-out policy fields	Schengen	<i>Schengen</i>
	Economic and Monetary Union	<i>Union Economique Européenne/UEM</i>
	Security and Defence Policy	<i>Politique de Sécurité et de Défense</i>
	Area of Freedom, Security and Justice	<i>Espace de liberté, de sécurité et de justice</i>
	Charter of Fundamental Rights	<i>Charte des droits fondamentaux</i>
	Social Charter	<i>Charte Sociale Européenne</i>
DI instances – inter se agreements	Prüm Convention	<i>Traité de Prüm, décision de Prüm</i>
	European Stability Mechanism	<i>Mécanisme Européen de Stabilité/MES</i>
	Fiscal Compact	<i>Pacte Budgétaire Européen/Traité sur la Stabilité, la Coordination et la Gouvernance/TSCG</i>
	Single Resolution Mechanism	<i>Mécanisme de Résolution Unique/MRU</i>
	Unified Patent Court	<i>Juridiction Unifiée du Brevet</i>
DI instances – external agreements	European Economic Area	<i>Espace Economique Européen/EEE</i>
	Customs Union + Turkey	<i>Union Douanière + Turquie</i>
	Eastern Partnership	<i>Partenariat Oriental</i>
	Euromed	<i>Euromed</i>

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