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# Security, Enlargement and Structure: the EU's debate about its future



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## **Introduction**

This is a time of major change in the EU. The Russian invasion of Ukraine and its consequences, including for security and energy policies, doubts over the long-term direction of US policy, the rise of China, the problem of climate change, the impacts of the SARS-COVID19 pandemic and the consequences of Britain's departure from the EU, have all combined to force change in the EU and in its Member States' domestic policies.

As if this was not enough, the EU already faced (along with most of the rest of the Western world) major global challenges including the UN's failure to play a meaningful role over Russia's war of aggression, lack of consensus on WTO reform, the on-going threat of Islamic fundamentalist terrorism, and migration.

The pandemic and the invasion of Ukraine, taken together, have also triggered the most serious economic crisis in Europe since the 2008 global financial crisis, with low levels of growth, Euro area inflation at 8.9 per cent<sup>1</sup>, and delays to some key economic projects such as Capital Markets Union. Linked to these has also been a recurrence of challenges to the ECB's management of the Euro (currently at parity with the US dollar), including – as during the financial crisis – implications for the management of EU members' government debt, with widening spreads of government bond yields of some EU members, such as Italy and Greece, against members such as Germany.<sup>2</sup>

The EU's economic problems are outside this paper's scope. But they will provide the backdrop to, and will necessarily influence, the cumulative effect of all these multiple strategic challenges in stimulating major debates within and without the EU about the organisation's enlargement, its future security policy, including the relationship with NATO, and its own structure. Russia's February 2022 invasion of Ukraine has had an accelerant effect – forcing hitherto avoided policy topics up the EU's agenda while producing a greater coherence and unity than might have been anticipated.

Concrete steps have been taken to address some of these problems. The EU has agreed to end its consumption of Russian oil and to substantially reduce its dependence on Russian gas.<sup>3</sup> Moldova and Ukraine have been granted candidate status following their

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<sup>1</sup> Inflation rate in the Euro area in July 2022: see Eurostat, 'Inflation in the euro area', 16 September 2022

<sup>2</sup> Hung Tran, 'The Euro at parity with the USD: Implications for the global economy', Atlantic Council, 14 July 2022

<sup>3</sup> European Commission, 'Russia's war on Ukraine: EU adopts sixth package of sanctions against Russia', IP/22/2802, 3 June 2022

applications to join the EU, and Georgia could follow.<sup>4</sup> Two EU Member States, Finland and Sweden, applied to join NATO and will do so shortly (that will mean that 23 out of 27 EU Member States will also be members of NATO). But these are initial steps and much more will be required to even begin resolving effectively the problems that the EU faces.

This paper addresses three of the inter-related challenges: enlargement, security and institutions. Individually these are major topics so this paper concentrates on the most important points. We publish it as a contribution to debate.

## **The challenge of enlargement**

The rapid expansion of the EU in the first decade of the twenty-first century led to *enlargement fatigue* in some Member States. Voters in many Member States are concerned by growing migration, feel Western European economies are being undermined by cheaper labour from Eastern Europe and dislike the budgetary consequences of EU expansion. These concerns are reflected in the rise of populist parties and growing opposition to further enlargement in some Member States (notably, France, Germany, the Netherlands and possibly in a future Italian government).<sup>5</sup>

Some mainstream political parties are also concerned about the pace and scale of enlargement. They have identified institutional problems for the EU in coping with more Member States, and some see Treaty changes with more QMV as necessary to ameliorate this. The financial cost of adding new members is also of concern.

These concerns in Western and northern Europe have led to enlargement being *stalled*, with negotiations with Turkey blocked and those with the Western Balkans nations drifting into stasis. This in turn has contributed to a loss of support for EU accession in the Western Balkans, especially in Bosnia and North Macedonia, but also in Albania. Supporters of reform and change in those countries have begun to ask what future there could be for the countries of the Western Balkans if they cannot join the EU. Opponents of the EU in those countries have often received political support from Russia. A dispute between Kosovo and Serbia in the summer of 2022 was resolved temporarily through EU mediation but the renewed tensions within Bosnia have so far proved more intractable.

A feeling has also developed in parts of the EU that it has *expanded too rapidly* without ensuring that new members truly accept EU values, and that some are no longer meeting the Copenhagen criteria.<sup>6</sup> Critics of enlargement point to the evidence of endemic corruption in Bulgaria but also in Romania, that there are clear challenges to the rule of law in Hungary and Poland, including attacks on independent judiciary and free media, and that this raises questions about ability of EU to enforce its values even among its own Member States.<sup>7</sup>

And then there is the question of *Turkey*. The country applied to join (the then) European Community in 1987, was granted candidate status in 1995 and negotiations began in 2005 but

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<sup>4</sup> European Council, *European Council meeting (23 and 24 June 2022) – Conclusions*, EUCO 24/22, 24 June 2022, p. 4

<sup>5</sup> See European Commission, *Standard Eurobarometer 95 - Spring 2021*, 2532 / STD95, p. 102

<sup>6</sup> The Accession criteria for new EU members are often called the Copenhagen criteria after the 1993 summit when they were adopted. The criteria are political, economic and administrative and include democracy, the rule of law and respect for minorities: see European Commission, 'Enlargement - Accession criteria', 22 September 2022

<sup>7</sup> Freedom House rankings of global freedom rank Hungary poorest performing EU Member State and declare it to be only "partly free"; Bulgaria is second from the bottom: see Freedom House, 'Global Freedom Status', 20 September 2022

stalled in 2016 over issues relating to Cyprus. The Commission found Turkey in breach of the Copenhagen criteria in 2017 amid a sense that Turkey under President Erdogan has chosen a different path, one that rejects state secularism and the adoption of European democratic values. But in truth there are wider concerns within the EU, including about admitting such a large country, unspoken fears about it being Muslim and nervousness about extending the EU's boundaries into Asia. The weaponisation of Turkish potential membership in the UK's 2016 EU referendum showed how populists could use the issue to their advantage. The question of Turkish membership could be revived by the 2023 parliamentary and presidential elections in Turkey if they resulted in a new government wanting closer links with the EU.

The weaknesses in the *enlargement process* of the EU have been a factor generating enlargement fatigue both in existing members and in some of the applicant nations. Partly this is because the processes involved are time-consuming (candidate countries must adopt the EU's legal *acquis* and this is both technically challenging and takes time) but also because there is no certainty that a candidate country will be accepted, even if it meets all the criteria. Any Member State can veto a new member at any stage of the process, making an application unpredictable for the candidate country. Despite a new enlargement methodology having been adopted in 2020 critics argue that further reform is needed to make the process less cumbersome and more certain.<sup>8</sup>

Critics have often argued that there is a tension between greater integration and further enlargement. This argument, most commonly articulated in the six founder member countries (Belgium, France, Germany, Italy, Luxembourg and the Netherlands), and reflected in public opinion there, suggests that enlargement dilutes the identity of the EU and reduces its effectiveness.

One way of dealing with the question of deeper integration is to proceed on the basis of a two-speed or multi speed Europe, an old idea recently revived by President Macron, which already exists in the euro, Schengen and in permanent structured co-operation in defence. In fact enhanced co-operation goes back to the 1997 Amsterdam Treaty. Macron's idea of *avant-gardes*, members who deepen integration between themselves but don't exclude others from joining, is disliked by other EU members who feel it will relegate them to second class membership. For the same reason, it would be seen by applicant countries as delaying and complicating their aim of becoming members.

Could other approaches provide a better platform for countries closely linked to the EU? The idea of a *European Political Community* was also proposed by Macron, in order to build on economic ties such as association agreements by offering a meeting point with the EU for both candidate and non-candidate countries. Despite scepticism that this is just an attempt to avoid admitting new EU members, the first meeting is planned for October 2022. The invitees include most European countries not in the EU except Russia and Belarus; the UK and Turkey have been invited. Critics ask what this forum could actually do; Macron suggested political and security co-operation, energy, transport, infrastructure and investment, and free movement of people.<sup>9</sup> The initial discussions will focus on the war in Ukraine and the energy crisis.

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<sup>8</sup> Luigi Scazzieri, *Will the EU rethink enlargement?*, Centre for European Reform, 30 May 2022

<sup>9</sup> French Presidency of the Council of the European Union, 'Speech by Emmanuel Macron at the closing ceremony of the Conference on the Future of Europe', 10 May 2022

There are some specific issues with admitting Ukraine and Moldova (and Georgia too). The first of these relates to the mutual assistance clause in the Treaty on European Union, which means that EU Member States would be obliged to support them if Russia attacked in future but this is not the same as the mutual defence obligation in Article 5 of the NATO Treaty. The “mutual assistance” referred to in Article 42 (7) of the TEU is described as “an obligation of aid and assistance” and there is a specific reference in the Article to not prejudicing “the specific character of the security and defence policy of certain Member States”, that is, their neutrality. Assistance is likely to fall short of military assistance in the sense of deploying combat forces and the whole Article is limited to self-defence under the UN Charter.

Ukraine, Moldova and Georgia all have parts of their territory occupied by Russian forces and/or by breakaway pseudo states.<sup>10</sup> Such a situation is usually seen as an obstacle to accession but it is not insuperable – the EU found a method of handling this to admit a divided Cyprus.

There are also issues with weak democracy and prevalent corruption (all three countries are described as “partially free” countries by Freedom House). In addition, there could also be problems over the financial cost of membership for larger countries such as Ukraine.

However strong the misgivings over further enlargement may be, the imperative to respond to the Ukraine crisis and the EU's commitment to the accessions of the candidate countries is likely to prevail even if the process will be long. Most likely, as in the case of previous accession negotiations, compromises will be found to the twin demands of deepening and widening.

### **The problem of security**

The Russian invasion of Ukraine has *shattered* post-Cold War security in Europe. The borders guaranteed at Paris and Budapest have been ignored and attempts by Western European countries to reach out to Russia have been destroyed.<sup>11</sup> A new era in defence and security policy is beginning in Europe in which the EU can be expected to play a central part.

This new situation is characterised by on-going tension on EU's eastern borders, not just with Russia but also with its close ally Belarus. The Baltic States, Poland and Romania feel most exposed, partly because of their vulnerability to Russia attack but also because there are significant Russian-speaking minorities in the Baltic States. The countries on the EU's eastern borders are also coping with most of the refugees from Ukraine.

The Russian exclave of Kaliningrad on the Baltic Sea is surrounded by Lithuania and Poland and there have been tensions over access for supplies. Kaliningrad hosts a large Russian military presence, including nuclear capable Iskander ballistic missiles and an important naval base.<sup>12</sup> Since the Ukrainian invasion Russia has claimed to deploy hypersonic missiles there.<sup>13</sup>

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<sup>10</sup> Russian forces occupy parts of Ukraine, it has annexed Crimea and there are the Donetsk and Luhansk Republics within Ukraine; South Ossetia and Abkhazia within Georgia; and Transnistria in Moldova.

<sup>11</sup> The Budapest Memorandum of 1994, signed by the Russian Federation, Ukraine, the UK and the USA guaranteed the borders of Ukraine in exchange for Ukraine giving up its nuclear weapons: see *Memorandum on security assurances in connection with Ukraine's accession to the Treaty on the Non-Proliferation of Nuclear Weapons*, 5 December 1994, 52241 UNTS 3007; the 1990 Charter of Paris for a New Europe guaranteed freedom and the rule of law and the signatories agreed not to challenge the others' territorial integrity: see Organization for Security and Co-operation in Europe, 'Charter of Paris for a New Europe', 21 November 1990

<sup>12</sup> 'Kaliningrad: Russia's 'unsinkable aircraft carrier' deep in Nato territory', Professor Stefan Wolff, *The Conversation*, 5 May 2022

<sup>13</sup> 'Russia deploys hypersonic missiles to its Baltic exclave', Vladimir Isachenkov, *ABC News*, 18 August 2022

German post-Cold War defence and energy policies have been *abandoned*. The announcement by Chancellor Scholz of a commitment to significantly increase defence spending marks a turning point. But making a reality of this commitment will be difficult and involve important choices. Germany had conscription during the Cold War but its return would be unpopular and expensive. The procurement of new weaponry takes time and catching up with the advances Russia has made in some areas, such as hypersonic missiles, will be difficult.

The *defence* policy response to the Ukrainian invasion has largely come through NATO as most EU Member States see their territorial defence as being secured through NATO. That sense was re-affirmed by Finland and Sweden, previously neutral states but also EU members, applying to join NATO. These considerations made NATO an indispensable partner for EU Member States and are likely to do so for the foreseeable future.

NATO has adopted a new military doctrine since the invasion of Ukraine. It states the issue in stark terms:

The Euro-Atlantic area is not at peace. The Russian Federation has violated the norms and principles that contributed to a stable and predictable European security order.<sup>14</sup>

It goes on to describe the threat in detailed terms and to acknowledge the challenge posed by China too. NATO's immediate response has been to establish larger readily mobile forces and increase the number and locations of pre-positioned forces within Europe. But there will have to be a larger programme of modernisation and expansion of capability. There is a recognition that the NATO defence spending target of two per cent of GDP may have to increase.

In terms of future NATO posture, much will depend on the outcome of the 2024 US presidential election. If ex-President Trump returns to office some of the difficulties and unpredictability that were seen in his first term, and which were widely perceived to have undermined NATO, might surface again. But European countries are more united than during his presidency because of the shock of the Russian invasion and the US Republican Party has been strongly supportive of Ukraine since the invasion. If President Biden remains in office, present US engagement is likely to continue with the UK under pressure to work closely with other European countries on defence and security questions.

For NATO, future European security policy will involve greater co-operation with the EU (see below) and building on the NATO *Partnership for Peace* programme with non-members such as Georgia, Moldova and Ukraine. The 2022 Strategic Concept said that "The security of countries aspiring to become members of the Alliance is intertwined with our own", recognised their right to independence and their territorial integrity and promised to continue to support such countries.<sup>15</sup> The concept also re-affirmed that Georgia and Ukraine would become members in future, as promised at Bucharest in 2008.

The EU's *security* policy response to the invasion of Ukraine has been unprecedented. A large number of weapons for Ukraine have been supplied through European Peace Facility. There has been large-scale financial support for Ukraine too, to enable its

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<sup>14</sup> NATO, *NATO 2022 Strategic Concept*, 29 June 2022, p. 3, para 6

<sup>15</sup> *Ibid.*, p. 10, para 41

government to continue functioning and to assist with the economic and social costs of the war. Six EU sanctions packages against Russia and Belarus, including targeting many of the most important figures in both countries, as well as on-going support for war crimes investigations complete the response.

One of the longest paragraphs in the NATO Strategic Concept is on its relationship with the EU, which is described as a “unique and essential partner”. This is partly a matter of shared values but it is also, as the Concept noted, that the two organisations play “complementary, coherent and mutually reinforcing roles in supporting international peace and security.”<sup>16</sup> In this context, the Strategic Concept committed NATO to enhancing the NATO-EU strategic partnership and it identified nine specific areas where the two organisations would work together, on everything from military mobility to cyber security and the relationship with China.

The renewed and strengthened NATO-EU partnership is one of the most significant developments to come from the Strategic Concept as it means NATO helping the EU to develop its security policy with non-EU countries expected to be involved. One of the questions is what this means for the UK, which as a member of NATO endorsed the Strategic Concept. Some of the issues in the NATO-EU partnership identified in the Concept are areas where the UK and the EU had already agreed to co-operate in the UK-EU Trade & Co-operation Agreement, such as cyber security, but the Strategic Concept goes far wider.

An important aspect of the Russian invasion is the way it has highlighted that security goes wider than territorial defence. This can be seen most readily in the problems of energy and food security that are affecting not just Europe but the wider world. It can also be seen in the reinforced importance of cyber security, the need for greater security of supply and the risks involved in exporting key technologies. This highlights the value of the EU; it can act when NATO can't and it has other tools at its disposal than just military ones, including those relating to trade and to development.

EU Member States have announced a total of €200 billion in extra defence spending since the invasion of Ukraine. But as the High Representative for common foreign and security policy has said, the danger is that members will continue past policies of buying on a wholly national basis resulting in waste and duplication. NATO and the European Defence Agency know where the capability gaps are in European armed forces but persuading those countries to work together to fix them is painfully difficult. The Commission has announced a programme to try to persuade Member States to buy weapons and equipment jointly with a €500 million fund and special VAT exemptions but apart from aircraft, there is little history of joint procurement.<sup>17</sup>

Some EU leaders have argued that the EU needs greater *strategic autonomy*, that is, both the ability to act on its own militarily (i.e. without the US) and its own industrial capacity that is not ultimately controlled from outside the EU (especially in the tech sector). This argument has been made by President Macron but while there is sympathy for it, it is unlikely to overcome objections in the area of defence from central and Eastern European Member States, who are anxious to keep the US closely aligned with and involved in

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<sup>16</sup> *Ibid.*, p. 10, para 43

<sup>17</sup> 'How to spend Europe's defence bonanza intelligently', Paul Taylor, *Politico.eu*, 2 September 2022



European defence. To some extent it has been overtaken by the emphasis in the NATO Strategic Concept on greater EU-NATO co-operation.

### **The institutional difficulties**

There is an on-going debate within the EU about the effectiveness of its *institutions*. Critics see them as slow, indecisive and often ineffective. Yet arguments over institutional reform have gone on ever since EU was created as the European Economic Community in the 1950s.

After a series of Treaties (Maastricht 1992, Amsterdam 1997, Nice 2001 and Lisbon 2007), and the abandoned European Constitution Treaty (2004), that were all concerned with institutional matters and internal reform, most Member States are keen to avoid further treaties. It is true that the atmosphere has been changing in recent years, partly because of pressure from the European Parliament for change but also because of concern that policy making in an EU of 27 Member States has become too cumbersome and further enlargement would make that even worse.

In addition, there is the problem of dealing with Member States (such as Hungary and Poland) who, after accession, fall short of adhering to the obligations of membership.

The Conference on the Future of Europe was set up on the initiative of President Macron and President von der Leyen. It reported early this year and called for greater use of QMV, including in areas of tax, defence and foreign policy and greater public involvement in choosing the President of the Commission.<sup>18</sup> The European Parliament called on 9 June 2022 for a formal constitutional convention to be set up to amend the Treaties following the report but 13 Member States have already publicly rejected the idea. At the June European Council heads of government discussed the issue but made no statement on it. Part of the difficulty is that some Member States would have to hold referendums on a new treaty before it could be ratified and fear that would be difficult in an era of financial crises and anti-EU populism.

But not all reform requires Treaty change; Article 17 of the Treaty on European Union already enables the Commission to be reduced to a number corresponding to two-thirds of the Member States (currently 18). The last time this was debated, the European Council decided to keep one Commissioner per Member State as a concession to Ireland. It would also be possible to combine the offices of President of the European Council and President of the Commission (a so-called dual mandate).

In addition, the simplified revision procedure enables the European Council to make changes to part three of the Treaty on the Functioning of the EU, that is, provisions concerning internal policies including the single market (but not increasing EU competences). The same procedure also enables a switch to QMV in the implementation of CFSP, as well as to other policy areas subject to unanimity (Art. 48 (7), TEU). This has not happened in practice because some Member States fear being outvoted on an issue of national importance to them.

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<sup>18</sup> See Stefano Fella, *Conference on the Future of Europe: proposals and next steps*, House of Commons Library, CBP-9551, 19 May 2022

It is also possible to begin new policy initiatives through the enhanced co-operation procedure. It needs nine Member States to proceed under Article 20 of the TEU. This procedure has been used by a group of 25 Member States who have established a common defence co-operation programme.<sup>19</sup>

The applications for EU membership from Georgia, Moldova and Ukraine in the spring of 2022 renewed the debate about the EU's structure. How would an EU of 30 members operate? With significant differences inside the EU at present, for example over the rule of law and minority rights, and a desire on the part of some countries to integrate more deeply and at a faster rate than others, the debate has been renewed with some vigour.

Chancellor Scholz of Germany contributed to the debate in August 2022 when he argued that the questions of enlargement and institutions were linked. Significantly, he said that Georgia, Moldova and Ukraine, as well as the six countries of the Western Balkans, should all be members of the EU in future. He went further when he said that the idea of a European Political Community "is not an alternative" to enlargement and that the EU had given the accession candidates its word and "these words must be followed by deeds at long last".

Scholz said that accession of further Member States must be accompanied by reform of the EU itself. He specifically mentioned a "gradual transition" to majority voting in foreign policy but also in other areas too, including tax. His other ideas for reform included retaining one Commissioner per country but sharing portfolios between two commissioners and not expanding the European Parliament when new countries joined.<sup>20</sup>

The debate on the institutional questions in 2022 has shown is that there is a desire for treaty change in the European Parliament and in some Member States but no consensus as yet, and, if so, on what form that change should take. There is greater enthusiasm for reform in the larger countries and less in the smaller members. These differences will take time to work through and it is uncertain what if any changes will be made.

## **Conclusion**

The invasion of Ukraine has challenged EU in many different ways but it has also given it a new sense of unity and momentum. It now faces the difficulty of overcoming internal divisions to make progress on enlargement, security policy and institutional reform.

Since many of these changes will have both direct and indirect significance for British interests it will be important for the government to follow EU debates on them closely and to consider carefully and constructively how best to develop the UK/EU relationship in a manner likely to benefit those interests. A policy of hostility or indifference to them ignores the UK's own foreign policy interests and would leave us incapable of influencing their evolution.

**September 2022**

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<sup>19</sup> Known as Permanent Structured Co-operation: see 'Permanent Structured Cooperation (PESCO)'

<sup>20</sup> Federal Government of Germany, 'Speech by Federal Chancellor Olaf Scholz at the Charles University in Prague', 29 August 2022



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