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Ukraine's accession to the EU requires a change in Europe itself

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The European Commission is considering launching Ukraine's accession process to the European Union by the end of 2023. This initiative will open a wave of enlargement to other candidate Eastern European countries. The process has huge political, financial, and institutional implications that no one can predict today, and that tomorrow could put pressure on the Union's integrity itself.

Opening the EU's doors to the Eastern countries is probably inevitable. It may prevent Ukraine from pushing for a swift entry into NATO, a move that would cross Vladimir Putin's red line and make any attempt to end the war more difficult. Ukraine should not be unmoored from any Western affiliation, for that could plunge it into sheer chaos and, in the longer term, even turn it into a rogue State. Finally, rebuilding Ukraine is also an act of moral responsibility after the destruction it has suffered at Europe's borders.

The enlargement process to include countries bordering Russia has, above all, enormous financial implications. Rebuilding Ukraine involves transfers in the order of hundreds of billions of euros. Massive resources will be needed to accompany the accession of other eastern countries to the EU, from Moldova to the Western Balkans. EU accession to the latter was promised twenty years ago and cannot be postponed with respect to Ukraine's accession.

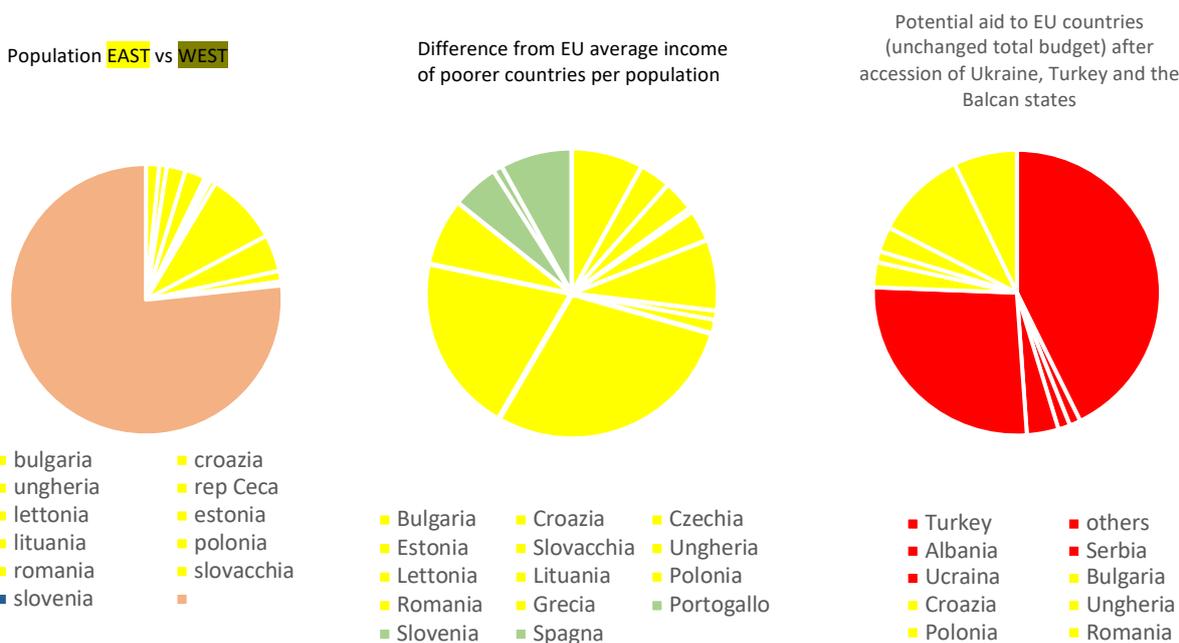
The European Union currently does not have a budget capable of absorbing the expenses and transfers necessary to help the new candidate countries. For some current member countries - for example, the Czech Republic and the Baltic states - Ukraine's accession means moving from the status of countries receiving substantial financial aid to being net creditors. If their economic growth proceeds as in the past, Poland and Hungary will face the same situation in a matter of a few years, even not considering the eventuality of Turkey's accession. It is not certain that Poland and Hungary, always critical of central EU institutions, will see the need to remain in the Union if they have to give up the financial benefits that they currently receive. The idea of Budapest taxing its citizens to transfer resources to other countries is not realistic.

For the European Union there is a risk of activating centrifugal forces that have been working under the surface for at least one decade. Since the euro crisis, after 2010, relations between member states have become less cooperative. The management of that crisis made the principle of national responsibility prevail over that of European solidarity. Countries in trouble had to enact harsh reforms and severe savings procedures as a precondition to the promise of assistance from their partners. Relations between the countries took on an antagonistic character that has never been fully resolved.

The situation radicalized with the migration crisis of 2015 when the principle of fair redistribution of migration flows remained an empty word. Since then, border controls have been in place, although they were supposed to be only temporary. In many countries, starting with Italy, the rhetoric of the country "left alone" by Europe in its time of need has prevailed to the benefit of the nationalist parties that are now governing.

The Ukrainian crisis had seemed to strengthen the stability of the Union, thanks to joint responses of a military nature and in the management of the energy emergency. However, the same crisis opened a heated confrontation between the group of Eastern European countries and the rest. During 2022, attempts by France and Germany to maintain an open dialogue with Russia were inhibited by opposition from the Baltic countries. The latter aim for a significant military downsizing of Russia, because, if this does not happen, they fear they will be the next victims of Moscow's aggressive expansionism. The enlargement process, while indispensable, could deepen the latent tensions.

The first graph below shows the modest weight of Eastern countries (current members in yellow), on the EU's total population. The second shows their preponderance in the potential need for funds (measured as the distance from the EU's average per capita income). The third indicates that aid to Eastern European countries would become marginal if Ukraine, Turkey, and other Eastern countries were admitted.



The countries of Western Europe have a clear perspective that the center of gravity of the European Union's priorities has shifted towards the East. The countries of Eastern Europe, however, do not represent a compact group. Poland and Hungary are at the opposite poles of Europe's relationship with Russia, with Warsaw leading the front of countries that want a hard confrontation with Moscow, while Budapest is opposing even the blandest sanctions against the Russian government. The disagreement has undermined the so-called Visegrad group, the political alliance founded in 1991 representing common positions of the Czech Republic, Hungary, Poland, and Slovakia. In 2015, after Russia's aggression in Crimea, nine Eastern European countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia), formed a

new group called the Bucharest Nine, which on a 22 February 2023 summit took a strategic position – from which Hungary distanced itself - distinct from the rest of Europe and signed a declaration, together with US President Joe Biden and NATO's Secretary General Jens Stoltenberg, calling for an enhanced military presence of NATO on the eastern flank of the alliance.

Not only is Hungary against a military confrontation with Russia, but Poland, followed by Hungary, Slovakia, and Bulgaria, has opened a serious problem in relations with Ukraine regarding agricultural imports. Lithuania has opposed a common line in sanctions against Belarus. Furthermore, between the various countries of Eastern Europe there is strong competition linked to future projects for the construction of infrastructure for the transit of goods and raw materials.

The absence of a united bloc in Eastern Europe justifies the hope of France and Germany to reform the EU common institutions by making the decision-making process more effective through qualified majority voting mechanisms and linking economic aid to compliance with the rule of law¹ that Poland and Hungary are accused of violating.

This strategy has at least two problems. The first concerns precisely the rule of law that inspires also the Copenhagen criteria governing the accession of candidate countries to the European Union. If Ukraine's accession is to be accelerated, the criteria will not be able to be applied strictly and this will also take pressure off Warsaw and Budapest. The second problem is that European financial resources are limited. The EU has a long-term budget, also called the Multiannual Financial Framework,² a seven-year spending plan that allows the EU to plan and invest in long-term projects. Of the €1,074.3 billion for the 2021–2027 period the largest tranches are dedicated to farming and regional development or cohesion. Those two items will be directly impacted by the need of integrating the Ukrainian economy. What remains of the current European budget is earmarked for current expenses for the functioning of the Union, salaries, and utilities. To these outlays is now added a new item that is of negligible dimension but huge symbolic power: a few hundred million euros in interest spending on the common debt that finances the huge assistance projects launched after the recession caused by the pandemic. It is the first time that a sizable European debt has been mutualized and now its cost enters the political debate, potentially dividing creditors and debtors, in times of financial stricture. The implications are relevant for the Italian government, which mused on building a unique bridging position between Eastern countries (sharing the same nationalist sentiments) and Western countries (sharing similar economic interests).

The difficulty in supplying ammunition to Ukraine is just one of the symptoms of Europe's lack of capacity in finding the financial and industrial resources to help Ukraine. It would be necessary, as soon as possible, to increase the size of the common European budget. The opportunity will present itself in June when the revision of the Multiannual Financial Framework,³ the framework of common financial commitments, is planned. However, so far it has never happened that the European budget has been revised in progress and it is

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AL%3A2020%3A433I%3AFULL#LI2020433EN.01000101.doc>

² https://en.wikipedia.org/wiki/Multiannual_Financial_Framework

³ <https://www.europarl.europa.eu/factsheets/en/sheet/29/multiannual-financial-framework>

therefore certain that any proposal for increasing the budget will cause a very confrontational discussion with an uncertain outcome.

It is precisely the lack of financial resources that is pushing the European Commission to promote a highly symbolic and relatively inexpensive act such as the formal opening of Ukraine's accession process. In her recent trip to Kyiv, Commission President Ursula von der Leyen urged the Ukrainian government to accelerate reforms as much as possible in order to make formal compliance with the Copenhagen criteria plausible in the short term.

The European Union's political investment in Ukraine's accession is too strong to be reversed. However, the change in European political and financial relations caused by the enlargement of the Union to the East already raises very pressing questions about the stability of the Union itself. The effectiveness of common decision-making procedures is today completely inadequate and modifying the voting mechanism may come short of making it more functional while potentially intensifying the EU's internal antagonism. The EU needs larger own financial resources⁴ and a European spending and taxation capacity to increase its budget. For this to be possible, it needs institutions that European citizens see as responsible for the use of the resources, as well as for the upstream political choices.

Without progress in political integration, jointly supported by Germany and France, the European Union is destined to become only a terrain for the complex settlement of national interests and sooner or later may perish under its own weight.

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020D2053>