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Executive summary

‘**P**’ and ‘**P**’ have stressed the geopolitical emergency of re-designing the European Union’s relationship with its neighbourhood. Both acknowledge that EU enlargement is necessary, but also emphasise that profound EU institutional reform is required beforehand, though deepening and widening the EU are complex processes that veto players could block.

T and **G** mean it is in the critical interest of the EU to bring stability to its neighbourhood by ensuring geopolitical alignment with the EU, limiting the blackmailing power of external, authoritarian states, supporting more resilient democracies and strengthening the rule of law. Meanwhile, the EU’s neighbours are seeking a political space in which challenges to collective security and stability can be addressed and concrete policies decided. Given the urgency, it is not enough to rely on lengthy EU accession processes.

A ‘**P**’ (EPC), which will have its first summit on 6 October 2022, could act both as a bridge to an eventual larger EU and as a framework for continental-scale partnership. Leaders should use the summit to start the building of a platform that can combine political dialogue with policy delivery in a quick and flexible way, and will thus structure more impactfully the relationship between the EU and its neighbourhood.

T should start as a soft law agreement between states and the EU. It would work

1 The need for a new approach

The war in Ukraine has shown that the European Union needs a new approach to structuring relationships with its neighbours. Russian aggression led the bloc in June 2022 to grant candidate status to Ukraine and Moldova, showing that the EU is conscious of the extent to which the new geopolitical situation requires rapid and determined action. But it is unclear if the EU can respond to these risks simply by adding new members. There is no consensus on speeding up the accession process and in any case, the process should not be rushed because a precipitous accession of Ukraine and Moldova with unchanged EU institutions and treaties would weaken the EU in the long run and put off candidate states that have been waiting for years at the door.

An unreformed EU of 36 members (adding only current candidate countries to the current 27) would be entirely dysfunctional. It would be hobbled by veto rights, a bloated European Parliament, and a hopelessly fragmented executive¹. Indispensable prerequisites to enlargement include governance reforms regarding the scope of qualified majority voting, the distribution of seats in the European Parliament and the assignment of executive responsibilities within the European Commission. These issues must be at the heart of treaty reform.

However, just letting EU enlargement proceed slowly through the existing uncertain process will turn the politically significant commitment to Ukraine, Moldova and other candidates into a discouraging obstacle course. It will fail to take advantage of the geopolitical momentum, which calls for regular, credible and concrete high-level political engagement of the EU with its neighbours².

Indeed, until the accession process is completed, a candidate country is confined to a bilateral dialogue with the Commission³. In general, no candidate country or neighbour has a voice in the system, including on issues of first-order importance for its future (Ukraine's energy linkages for example). In normal times, when the EU changes only slowly, this can be regarded as annoying, but inconsequential. In the current circumstances, it undermines the attractiveness and the effectiveness of the whole process and comes at a very high political cost for EU and accession countries.

The risk therefore is that putting Ukraine and other candidate countries through a long, slow and painful accession process, without ambitious policies and forums for strategic exchange, could fail to anchor them as long-term political, economic, energy, security and defence partners of the EU. Moreover, the current lack of flexibility in designing relationships with third countries also hampers the establishment of structured partnerships with former EU members (the United Kingdom) and long-term accession candidates (Turkey).

In this context, French President Emmanuel Macron and German Chancellor Olaf Scholz have argued strongly for profound institutional reforms⁴, though neither has suggested a roadmap. Building on an idea mooted by former Italian Prime Minister Enrico Letta (see Letta, 2022), Macron on 9 May proposed to create a "European Political Community" (EPC). European Commission President Ursula von der Leyen said subsequently the Commission would set out proposals on this⁵, and also supported the idea of a convention to reform the European

1 As noted by German Chancellor Olaf Scholz in a speech in Prague on 29 August 2022. See <https://www.bundesregierung.de/breg-en/news/scholz-speech-prague-charles-university-2080752>.

2 See Sapir (2022) and Alexander Stubb, 'The case for a confederal Europe', European Council on Foreign Relations, 21 June 2022, <https://ecfr.eu/article/the-case-for-a-confederal-europe/?amp>.

3 Except for the intergovernmental Berlin Process for the Western Balkans, led by Germany.

4 Macron in a 9 May 2022 speech in Strasbourg (see <https://presidence-francaise.consilium.europa.eu/en/news/speech-by-emmanuel-macron-at-the-closing-ceremony-of-the-conference-on-the-future-of-europe/>) and Scholz on 29 August 2022 in Prague (see <https://www.bundesregierung.de/breg-en/news/scholz-speech-prague-charles-university-2080752>).

5 See von der Leyen's State of the Union speech, 14 September 2022: https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_22_5493.

treaties, though she did not link it to the idea of an EPC.

We argue that a smartly defined European Political Community would be a suitable response



Given the complexity involved in thinking about the perimeter of the EPC, and given the benefit of being inclusive towards countries in the 'grey zone' in the hope of leverage and change, there are, in principle, two ways for deciding on membership:

- There could be a formal process of inclusion/exclusion, but this would most likely make the EU, as the convener of the first meeting, into the prime decision-maker, which could result in

2.3 Resources

To achieve tangible results, the EPC will require considerable budgetary and financial resources beyond what is already available to support EU accession. A limited commitment of resources from members can be envisaged – as for most international organisations – and/or could be channelled through the EU budget for EU member states. Non-EU countries should contribute in proportion to their resources and their involvement in cooperation areas. Each area of cooperation should be endowed with its own funds, as the extent of participation will depend on the area of cooperation.

In-kind contributions to overcome the traditional donor-recipient logic between accession countries and the EU would be welcome. In some instances, this would be highly strategic: for instance, Ukraine would be able to provide excellent cyber and defence capacity.

Flexibility should be retained: EPC members could be called on to contribute in each area of cooperation, but retain the flexibility to be a net recipient in one area and a net contributor in another, while opting out from yet another. However, given the currently limited size of the EU budget, this would undoubtedly trigger an acceleration of the debate on its reform, on the EU's own resources and on a common borrowing capacity.

2.4 Areas for cooperation

The first set of political priorities with clear deliverables could cover three main areas. Further areas of cooperation could be considered, such as research, but we advocate starting with just three areas which are geopolitically the most pressing ones and then building on experience gained and adding others.

2.4.1 Networks, energy and climate action

The current energy crisis is an opportunity to set up a new inclusive cooperation framework, to redefine the relative roles of the EU and its member states and to involve neighbouring countries in a unifying project (energy independence and climate transition) (McWilliams *et al.*, 2022).

Germany and France have a special responsibility, not least because of their opposite energy models. Finding a cooperative compromise that will lead to greater European solidarity beyond the EU's borders, while pro-actively supporting accession and neighbouring countries, is of utmost geopolitical importance. The connection of Ukraine to the European electricity grid, the need for gas agreements with Norway and the need for green hydrogen infrastructure call for a broader cooperative framework.

The Energy Community¹⁰, which provides the infrastructure and the technical cooperation to integrate European energy markets, provides an interesting precedent. It includes the EU and non-EU neighbours (including Ukraine, Moldova and Georgia; Armenia, Norway and Turkey are observers). It is based on a 2005 Treaty, has its own secretariat and is equipped with a budget. The EU is represented by the Commission, which serves *ex officio* as a vice-president. The EPC should be assigned more ambitious tasks and it should be given more effective legal and financial instruments. Most importantly, the Energy Community shows that there is potential in variable-geometry arrangements.

The EPC should be a framework for deepening and extending energy cooperation in at least three directions:

- A new transnational cooperative framework with new governance that would take coordinated decisions on rationing and solidarity. As demonstrated by the current context, an integrated European market is much better equipped than national markets to mitigate

¹⁰ The Energy Community is an international organisation that brings together the European Union and its neighbours to create an integrated pan-European energy market. The Treaty establishing the Energy Community was signed in October 2005 (see <https://www.energy-community.org/legal/treaty.html>). The main objective of the Energy Community is to extend the EU internal energy market rules and principles to countries in south-east Europe, the Black Sea region and beyond, on the basis of a legally binding framework.

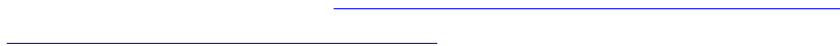
risks. But it should be clear that the cooperative framework also involves risk-sharing, for which principles and mechanisms should be designed.

- Common framework agreements for the purchase of fossil fuels and hydrogen. The experience with COVID-19 vaccines demonstrated the benefits of a joint approach. It makes no sense for EPC members to attempt to outbid each other in bilateral negotiations with suppliers. Common principles should be defined and negotiated, to which individual contracts should make reference.
- The building of coordinated and sometimes common infrastructures that enhance electricity, gas and future hydrogen interconnections, production and storage capacity.

usually the case on national and European levels. Through very targeted analysis, debate and action, it can potentially be a catalyst for a more holistic approach to complex problems.

- The EPC cannot replace NATO, which despite its weaknesses remains the most credible agent for military coordination, defence and nuclear deterrence. The NATO Secretary General should thus be invited to EPC meetings. The EPC can serve as an important forum for EU and NATO members and non-members, for which security is a matter of common concern. In particular, the EPC can discuss how growing defence budgets, which in some countries may double, can be spent most usefully. Building capabilities and making best use of cooperation, division of tasks and synergies will be vital in the new security environment, and should be approached with flexibility among European countries.
- Cooperation in the areas of counter-terrorism, cybersecurity and digital connectivity (satellite, data centres, undersea cables) could yield important mutual benefits and enable countries like Ukraine to share with the EU their valuable advanced know-how and experience, proving that the partnership is not a one-way street. The EPC should also be open to learning from non-EU experiences on countering Russian propaganda – for example, from the NATO STRATCOM initiatives.
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