

*editorial*

## EU Foreign Policy Needs “Embedded” Differentiation

Giovanni Grevi, European Policy Centre (EPC)

The claim that one can “have the cake and eat it” does not stand scrutiny, as the recent experience of Brexit shows. The UK could not just pick and choose the bits of the Single Market it valued, while ditching the rest. The proposition that the European Union can be a strong foreign policy actor while requiring unanimity to take any step on the international stage faces the same predicament: one cannot have it both ways. The trade-off between unanimity and effectiveness is real. Differentiated cooperation among EU member states through informal initiatives, coalitions or contact groups, can help avoid stalemate and advance EU priorities, if its objectives and functioning are compatible with those of the Union.

The litany of cases of EU foreign policy statements or decisions – whether concerning China, Venezuela or the Middle East Peace Process – blocked or diluted by the veto of one or two countries leads up to the latest example of gridlock. At their last meeting in September, EU foreign ministers failed to impose sanctions on those responsible for the repression of peaceful protesters in Belarus because of the opposition of Cyprus, which conditioned its consent to simultaneously adopting sanctions on Turkey in the context of the crisis over gas exploration in the East Med. EU foreign policy chief Josep Borrell was the first to acknowledge that this impasse put the Union’s credibility at stake.

To be sure, the EU is a major global actor, pulling its weight as a market and regulatory power in the global geo-economic contest and playing an essential role to keep the multilateral show on the road, from climate to trade and health issues. However, foreign policy is different. It frequently requires quick moves to react to events and crises, mobilising national leaders when matters are of consequence, and national positions are often deeply rooted in respective historical experiences and strategic cultures. Carrying out foreign policy by consensus at 27 within the EU is not impossible, and multilateral consultations can help avoid unilateral mistakes. However, EU foreign policy decision-making is certainly cumbersome and ill-suited to taking timely and decisive action. The rapid decisions to impose sanctions on Russia for the annexation of Crimea and the war in Eastern Ukraine seem the exception that confirms the rule.

EU leaders have recently revived calls to expand the scope for qualified majority voting in foreign and security policy, but many member states show no appetite for that and this is unlikely to change soon. In practice, therefore, cooperation among likeminded member states through different groupings and coalitions will often be critical to advance positions that are largely shared at the EU level, while falling short of winning unanimous backing. This is nothing new: differentiated cooperation is the norm in European foreign policy. Think of the EU3 (France, Germany and the UK) negotiating the Iran nuclear deal, the role of Germany and

France in the Normandy format dealing with the crisis in Ukraine, the Quint (France, Italy, Germany and the UK alongside the United States) operating in the Western Balkans or the Quint (France, Italy, Germany, Spain and the UK) focusing on the Middle East Peace Process.

The question is how to make differentiated cooperation work to serve larger EU goals as opposed to narrow national agendas, which may or may not be in line with them. Treaty provisions enabling differentiated cooperation in foreign and security policy have almost never been used. There appears to be a mismatch between their tight procedural requirements and member states' preference for informal, flexible cooperation formats. A pragmatic approach is therefore required to harness the added value of different levels of action – EU, national and informal groupings – while pursuing shared or at least compatible goals.

Despite the problems affecting EU foreign policy, there are clear advantages with operating at 27 through common institutions. It offers critical mass in a world of assertive powers, access to the vast EU toolbox across all fields of external action, and political legitimacy. The challenge is reconciling these assets with the political weight, resources and diplomatic agility that sub-sets of member states can provide when taking joint initiatives. In other words, this is about mobilising differentiated cooperation as a pathfinder towards a more effective EU foreign policy, while mitigating the divisive impact that it can have on relations among the 'ins' and the 'outs'.

To achieve that, it is useful to distinguish between what may be called embedded differentiation and unbound differentiation. Embedded differentiation occurs when a group of member states takes action with the express aim to foster EU foreign policy objectives, through regular consultations with the EU High Representative and the European External Action Service, and via formats that are open to the participation of other EU countries that decide to bring a tangible contribution to the joint undertaking. This form of differentiated cooperation connects EU and national goals to strengthen both. While many member states may not be willing or able to get involved, they broadly accept that some of them take the lead on distinct issues. If a small minority of EU countries disagrees with specific initiatives, the involvement of common institutions and arrangements for regular dialogue on the operation of flexible formats could at least in part meet their concerns.

Unbound differentiation takes place if member states work together with loose or no coordination with the EU and without engaging other EU countries. While uncoordinated initiatives do little to strengthen EU foreign policy anyway, whether they hamper it depends on their goals. If a group of member states pursued objectives that undermine consolidated EU positions or challenge the interests of other member states without consultation, unbound differentiation would expose and deepen divergence within the EU.

Real world examples of differentiated cooperation – such as concerning the Iran nuclear file, initiatives in the Western Balkans, or dealing with conflicts in the Middle East and North Africa – fall along a continuum between the two extremes of fully embedded or entirely unbound differentiation. Member states should design differentiated cooperation so that it is as embedded as possible in the common EU framework to preserve coherence, and as flexible as necessary to maximise effectiveness.

Differences among EU member states can be contingent or deep-rooted. Either way, if there is no agreement to introduce majority voting in foreign policy decision-making, there is no quick fix to overcome such differences. Even more so at a time when the national reflex often prevails in EU foreign policy and EU politics at large. Differentiated cooperation is of course not a recipe to cure all the ills of EU foreign policy. However, it can help to break free from the constraints of unanimity without breaking EU foreign policy, if it is embedded in shared goals, norms and institutions.

## EU IDEA PUBLICATIONS

### RESEARCH PAPERS

#### A Differentiated “Dual Track” European Union as a Remedy in Times of Crisis? Debating Habermas, Arendt, and the Theoretical Foundations of Graduated European Integration

**Lars Rensmann**, Professor of European Politics and Society at the Rijksuniversiteit Groningen, the Netherlands, where he also serves as the Director of the Centre for the Study of Democratic Cultures and Politics and as Chair of the Department of European Languages and Cultures, July 2020

This EU IDEA paper engages with ideational origins and normative political theories of European differentiated integration. Specifically, it examines a “graduated” policy of integration backed by European-wide referenda in light of the work of Jürgen Habermas and Hannah Arendt – two theorists who are strong advocates of European political integration and constitutionalisation. The paper illuminates justifications, advantages, dilemmas and problems of such differentiated integration with regard to its democratic legitimacy and normative as well as political-theoretical plausibility. While Habermas has proposed and refined this model, Arendt’s radically pro-European ideas can work as a cautioning corrective alerting to the risks and potentially disintegrating effects of differentiated solidarity and integration on the European project. While she would arguably see the democratic legitimisation benefits of a European-wide constitutional referendum as suggested by Habermas, her work also points to the risks of further fragmenting or even dismantling the EU altogether.

#### How Does Identity Relate to Attitudes Towards Differentiation? The Cases of France, Germany, Czech Republic and Turkey

**Senem Aydın-Düzgit**, Professor of International Relations at the Faculty of Arts and Social Sciences, Sabanci University; **Jan Kovář** and **Petr Kratochvíl**, Senior Researchers at the Institute of International Relations (IIR), Prague, September 2020

This paper explores the ways in which national identities shape attitudes towards differentiated integration in two old member states, one relatively new member state and one candidate country – namely France, Germany, the Czech Republic and Turkey. It also observes how the impact of differentiated integration on European identity is perceived in these given countries in terms of preserving European identity (deepening), the dilution of European identity (disintegration) and the territorial/geographic limits of European identity (widening). By employing primary research and discourse analysis, the study finds that there is no single and monolithic national identity which produces a uniform attitude towards differentiated integration in member and candidate states, but rather that competing domestic national identity narratives produce differing attitudes within a state on differentiated integration. These national identity narratives can translate into starkly different policy positions concerning the policy area that is subject to differentiated integration, as well as on how differentiation is expected to impact the future of European integration and European identity.

## Differentiated Integration in the EMU: Impact on Policy Effectiveness and Political Unity

**Marta Pilati**, Policy Analyst at the European Policy Centre (EPC); **Francesco De Angelis**, Programme Assistant at the European Policy Centre (EPC), June 2020

This paper describes and assesses the functioning of differentiated integration arrangements in the field of Economic and Monetary Union (EMU). In detail, we describe and study how differentiated institutions work in key EMU policy areas: monetary policy, fiscal surveillance (the Stability and Growth Pact, the Fiscal Compact), financial assistance (the European Stability Mechanism) and policy coordination (including the Macroeconomic Imbalance Procedure and the European Semester). We start by presenting the regulatory and organisational dimensions of differentiation as well as their respective accountability mechanisms and procedures. The paper then assesses whether the deeper differentiated integration resulting from the early 2010s EMU reforms has strengthened the functioning of the EMU, as well as the implication for the Union's political unity. We find that the EMU emerged less vulnerable to shocks, and better equipped to tackle future challenges, although some limitations remain, and political unity has weakened.

## The European Asylum System: A Necessary Case of Differentiation

**Emmanuel Comte**, Senior Research Fellow at the Barcelona Centre for International Affairs (CIDOB), July 2020

The European asylum system is based on the 1990 Dublin Convention and its revisions and developments in EU law. It is an instance of differentiated cooperation, as it initially only coordinated heterogeneous national asylum systems and offered flexible forms of participation with opt-outs for Denmark, Ireland and the UK. This paper investigates the triggers, nature and effects of this differentiated cooperation. By reviewing its evolution over the last thirty years, this paper concludes that differentiation has been decisive to starting European cooperation in a new policy area, that it has created a dynamic of progressive convergence, and that its impact on problem solving has been positive. Accordingly, this paper recommends the use of differentiation to kick-start European cooperation and suggests further differentiated integration to lead to a solution for the persisting problems of effectiveness of the European asylum system.

## How Does Differentiated Integration Work in the EU Financial Sector? Spotlight on Banking Union

**Sebastian Mack**, Policy Fellow for European Financial Markets at the Jacques Delors Centre in Berlin, August 2020

Five years after the entry into force of the Banking Union, this Policy Paper assesses its effectiveness as a form of differentiated integration. This case study presents the legal and organisational dimensions of the Banking Union and describes its accountability mechanisms and procedures. At the heart is the question of whether the creation of the Banking Union has been effective in promoting integration among its members while avoiding distortions in the Single Market. To this end, also the impact of the Banking Union on the political unity in the European Union is analysed. This Policy Paper finds that the Banking Union has enhanced European integration in the financial sector without jeopardising the functioning of the internal market. Although the Banking Union is still incomplete, the benefits of participation create centripetal forces that are attractive also to non-euro countries.

## Differentiated Cooperation in European Foreign Policy: The Challenge of Coherence

**Giovanni Grevi**, Senior Fellow at the European Policy Centre (EPC); **Pol Morillas**, Director of the Barcelona Centre for International Affairs (CIDOB); **Eduard Soler i Lecha**, Senior Research Fellow at the Barcelona Centre for International Affairs (CIDOB); **Marco Zeiss**, Programme Assistant at the European Policy Centre (EPC), August 2020

This paper addresses the central question of the interplay between mostly informal differentiated cooperation formats in European foreign policy, and the foreign policy of the EU. It provides an overview of the Treaty-based mechanisms enabling differentiation in EU foreign policy and assesses why these arrangements have hardly been used. It then outlines the ways in which EU member states operate through flexible mechanisms and applies this analytical approach to two case studies covering important dimensions of European foreign policy – the Western Balkans and the Middle East Peace Process. The paper notes that the coherence between the initiatives of various groups of member states for on the one side, and EU decisions and goals on the other, is critical to advance the EU foreign policy agenda. It finds that the willingness of EU member states to let some of them play a leading role to attain broadly shared goals, the presence of established EU positions and instruments, the role of third powers and the involvement of EU institutions in arrangements for differentiated cooperation, are key factors for differentiation to effectively foster EU foreign policy.

## Differentiation in ASEAN, ECOWAS and MERCOSUR: A Comparative Analysis

**Bart Gaens**, Senior Research Fellow at the Finnish Institute of International Affairs (FIIA); **Bernardo Venturi**, Senior Fellow at the Istituto Affari Internazionali (IAI); **Anna Ayuso**, Senior Research Fellow at the Barcelona Centre for International Affairs (CIDOB), August 2020

This policy paper explores how diverse modes of differentiation occur in regions beyond Europe. From the perspective of comparative regionalism, the paper examines how the practice of differentiation facilitates flexibility and accommodates diversity in regional cooperation processes in Asia, Africa and Latin America. Examining the Association of Southeast Asian Nations (ASEAN), the Economic Community of West African States (ECOWAS) and the Southern Common Market (Mercado Común del Sur, MERCOSUR), the paper analyses how differentiation is applied and how it ties in with primarily trade integration. Specifically, the paper assesses whether differentiation leads to centrifugal or centripetal dynamics, and it examines the impact of differentiation on internal as well as external cooperation. After comparing the three cases, the paper draws policy recommendations for the EU.

## Schengen under Pressure: Differentiation or Disintegration?

**Marie De Somer**, Head of the Migration & Diversity Programme at the European Policy Centre (EPC), Brussels, and Visiting Professor at KU Leuven and Sciences Po.; **Funda Tekin**, Director of the Institut für Europäische Politik (IEP), Berlin; **Vittoria Meissner**, Senior Researcher at IEP, September 2020

The Schengen area represents a textbook example of differentiation in the European Union. Not all EU member states are part of Schengen whilst others have opt-outs. At the same time, the common free movement area also embeds several non-EU states. Aside from the varied membership of the Schengen system, differentiation can also be observed in the internal rules that govern it. These rules, and particularly the option to reintroduce internal border controls, provide states with a failsafe option to return to national borders in high-pressure situations. As the paper argues, Schengen's differentiated integration mechanisms, and the flexibility they provide, are part of its strength. They enable joint solutions to shared cross-border

challenges in this highly sovereignty-sensitive area. However, there are risks attached to this flexibility as well. As recent crises highlight, an over-use of the system's flexibility risks instilling fragmentation among states or can lead to situations where temporary controls become semi-permanent. Against this background, the paper proposes a set of three recommendations: (i) strengthening coordination mechanisms, (ii) strengthening common rules around the reintroduction of internal controls and (iii) promoting a stronger use of the Commission's control and coordination competences.

## POLICY BRIEFS

### Brexit and External Differentiation in Foreign, Security and Defence Policy

Ian Bond, Director of foreign policy at the Centre for European Reform, September 2020

This policy brief examines the EU's foreign, security and defence policy relations with third countries, and their relevance to the EU's future co-operation with the UK in these areas. It highlights the key points in the EU's proposals for the future relationship with the UK. The British government is currently refusing to negotiate any arrangements in these areas, and the policy brief looks at why. Since the UK's refusal to engage may turn out to be only temporary, the paper also looks at possible arrangements falling short of a legally-binding agreement, from the perspective of negotiability with the UK as well as their contribution to meeting EU objectives. It then considers the impact on the EU and the UK of having a treaty (however unlikely), no formal agreement, or a "light" agreement, and the implications of the EU's future relationship with the UK for its relationships with other third countries.

## EU IDEA SPECIAL INITIATIVE



EU IDEA has launched "**Framing Brexit: EU IDEA visual and video award**", aimed at giving the opportunity to young people to express through visual artworks how they are experiencing and interpreting the exit of the United Kingdom (UK) from the European Union (EU). After decades of increasing integration among European countries, this is the first time that a country has opted to leave the EU. The UK's departure, on 31 January 2020, marks an unprecedented twist in the history of European integration, with far reaching implications for the lives of millions of people and those of young generations in particular. People between 18 and 30 years old are invited to illustrate through artistic creations what Brexit means for them. They can send us their videos, photos or any type of visual artworks representing how they are experiencing and interpreting the departure of the UK from the EU, no later than 12:00 midnight of 15<sup>th</sup> October 2020.

## EU IDEA MULTIMEDIA

### PODCAST



EU IDEA #3 - **How to reinvigorate the European project, through a SMART Differentiated Integration** with **Prof. Ingrid Shikova** (Head of Jean Monnet Centre of Excellence, European Studies Department, Sofia University "St.Kliment Ohridski") and **Prof. Dr. Wolfgang Wessels** (Jean Monnet Chair ad personam, Centre for Turkey and EU Studies, University of Cologne).

How to move integration forward is one of the important topics in the debate on the future of the European Union. So it will be one of the focus points of the future Conference on the Future of Europe. But the tensions that are hurting the unity of the Union make the conversation difficult. On what basis can a constructive discussion be built?

### VIDEOS



EU IDEA - **Brexit and External Differentiation in Single Market Access**

Based on the [Policy Brief](#) by **Andreas Eisl**, Research Fellow on European Economic Policy at the Institut Jacques Delors, and **Eulalia Rubio**, Senior Research Fellow on European Economic Policy at the Institut Jacques Delors.

Concept and production by Eunews.

## EU IDEA EVENT

### Virtual workshops and Executive Board meeting in Istanbul

**Sabanci University** will virtually host the **Executive Board Meeting** and a number of workshops with the **Consurtium** members in October 8<sup>th</sup> and 9<sup>th</sup> to keep working on the research and analysis activities. Remote working sessions will bring together 15 institutional partners from different locations within and outside the European Union to take stock of the situation, discuss the state of play for EU IDEA work packages 4-5-6, focusing on the Economic and Monetary Union and the single market; foreign, security and defence policy; and the area of freedom, security and justice, including migration.

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## FROM THE NETWORK

### | Publications

**Europe's Crisis of Legitimacy: Governing by Rules and Ruling by Numbers in the Eurozone**, by Vivien A. Schmidt, Jean Monnet Professor of European Integration and Founding Director of the Center for the Study of Europe, Boston University, May 2020

**The EU's external action on counter-terrorism: Development, structures and actions**, by Teemu Tammikko, Senior Research Fellow at Finnish Institute of International Affairs (FIIA), and Tuomas Iso-Markku, Research Fellow at Finnish Institute of International Affairs (FIIA), June 2020

**The European Council and Europe's Magic Lantern**, by Nicoletta Pirozzi, Head of IAI Programme "EU politics and institutions" and Institutional Relations Manager at the Istituto Affari Internazionali (IAI), July 2020

**Heading for disaster**, European Policy Centre (EPC) Discussion Paper by Roger Liddle, Member of the House of Lords, July 2020

**Brexit scenarios: Heading for a no-deal exit?**, by Fabian Zuleeg, Chief Executive of the European Policy Centre (EPC), and Jannike Wachowiak, Junior Policy Analyst at the European Policy Centre (EPC), July 2020

**Rethinking the EU's approach towards its southern neighbours**, by Luigi Scazzieri, Research Fellow at Centre for European Reform (CER), July 2020

**What future for a 'geopolitical' Europe?**, by Luigi Scazzieri, Research Fellow at Centre for European Reform (CER), July 2020

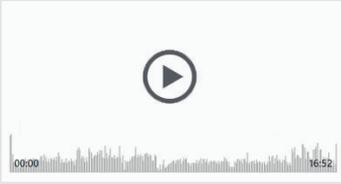
**Five reasons why even a basic EU-UK trade deal is better than nothing**, by Sam Lowe, Senior Research Fellow at Centre for European Reform (CER), August 2020

**Brexit: Endgame**, by Fabian Zuleeg, Chief Executive of the European Policy Centre (EPC), September 2020

**Renewing Multilateralism for the 21st Century. The Role of the United Nations and of the European Union**, by Ettore Greco, Executive Vice President and Head of the Multilateralism and global governance Programme at Istituto Affari Internazionali (IAI), September 2020

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## | Podcast



### What does the 2020 SOTEU speech reveal about the EU's ambition?

by Charles Grant, Camino Mortera-Martinez and Christian Odendahl,  
September 2020

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## | Next events

### Differentiated Integration and the Future of Europe: Promises, Pitfalls, Pathways

Amsterdam Centre for European Studies – ACES

30<sup>th</sup> September – 1<sup>st</sup> October 2020

This year's Annual Conference is organised around the topic of differentiated integration. The conference will examine the development of differentiated integration within the EU, focusing on both its promises and its pitfalls. Speakers will cover internal and external dimensions of differentiation, including Brexit, linking academic research to current political debates about the future of European integration. The Annual Conference is part of ACES's programme as a Jean Monnet Centre of Excellence.

This conference brings together researchers from three Horizon2020 projects

- Integrating Diversity in the European Union (InDivEU),
- EU Differentiation, Dominance and Democracy (EU3D), and
- EU Integration and Differentiation for Effectiveness and Accountability (EU IDEA), linked together in the Differentiation: Clustering Excellence (DiCE) network.

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## | Past events

### **A discussion with German Defence Minister Annegret Kramp-Karrenbauer: European defence cooperation during the EU Council Presidency**

Finnish Institute of International Affairs (FIIA)  
03 July 2020

In the first week of the German EU Council Presidency, Annegret Kramp-Karrenbauer joined FIIA to discuss the joint regional and global challenges of Germany and Finland, Germany's plans for the EU Council Presidency, and the role of Germany in European security. She is the German Federal Minister of Defence and party leader of the German Christian Democratic Union.

More information [here](#).  
The record available [here](#).

### **CER Members' webinar on Brexit**

Centre for European Reform (CER)  
22 July 2020

Charles Grant and Sam Lowe discussed the Brexit negotiations and the UK's preparedness for the end of the transition period with members of the CER.

More information [here](#).

### **25 years of membership: Austria, Finland and Sweden in the EU**

Finnish Institute of International Affairs (FIIA)  
27 August 2020

Austria, Finland and Sweden joined the European Union during times when decisive steps were taken towards an ever closer Union. As member states, they have lived through the adoption of the euro, eastern enlargement as well as the severe EU crises of the past decade including the Brexit. What was the key rationale of their membership in 1995? Have there been major changes in their general approach towards the EU? What do Austria, Finland and Sweden wish to achieve in the EU in the future?

More information [here](#).  
The record is now available [here](#).

## THE CONSORTIUM



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This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 822622

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