



Avant-garde, Core EU and Wider Europe

Michael Emerson

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Abstract

Avant-garde and Core EU are familiar terms in European discussions about the future of Europe. There is a dynamic process under way, with an increasing competences conducted by an Avant-garde groups responsible for the Euro, Schengen and defence, alongside the competences of the Core EU. The idea here is to add a Wider Europe as a third dimension. This concerns all non-EU states that are or wish to be integrated deeply with the EU's economy and identify with its values and culture, including some seeking to become member states (the Balkans and some east European states) and others that prefer to stay outside (notably the EEA/EFTA states). While the enlargement process for those seeking accession is not currently advancing, there is a different dynamic developing across the entire Wider Europe. This consists of an increasingly impressive range of instruments of EU policy, many of which are components of deep free trade agreements connecting with the EU's single market, that are being deployed (replicated, or 'approximated') more or less across the entire Wider Europe. This has the makings of a vast integrated economic space, combining both the EU and this Wider Europe.

The paper suggests that the actual or potential systemic dynamics of these three tiers – Avant-garde, Core EU and Wider Europe – might be combined holistically (for example by the next European Commission) in a fresh strategic concept, bringing several advantages: that of an EU-led Europe getting its act together in the face of Russian and Chinese challenges, while the advance of the Avant-garde could relax some of the concerns currently blocking enlargement to the Core EU. The entire process would be an open one, for Core EU participants to move into the Avant-garde when qualified, and for Wider Europe participants to move in the Core EU also when qualified.

Michael Emerson is Associate Senior Research Fellow, Centre for European Policy Studies (CEPS), Brussels. Thanks are due to Jan Hofmohl for the graphics. Paper presented at the Romanian international conference on The Future of Europe, Sibiu, 8-10 May 2019.

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Avant-garde, Core EU and Wider Europe

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Europe's image today is at best one of confusion, and at worst one of disintegration. It is debated whether or not the future of Europe has an endpoint, or a *finalité*, such as a federal or otherwise defined final state constitution. But this fundamental question receives no clear answer at the present time.

A more limited question is whether a dynamic of 'differentiated integration' is actually happening, and if so whether it is a positive tendency for European integration. Already in 1996 Alexander Stubb had written a seminal article on the large number of conceptual categories and labels under the heading of 'differentiated integration', a deliberately neutral umbrella term of no normative meaning to cover the variety of ideas at play¹. Among the concepts most debated under this heading are those of 'multi-speed' or slightly differently 'multi-tier' Europe, a 'variable geometry' Europe, and a Europe 'a la carte'. In what follows a multi-tier approach is followed, combined with elements of variable geometry. Europe 'a la carte' is not pursued, since this would seem to mean no systemic structure at all.

The empirical question of actual development very recently has been reviewed by Frank Schimmelfennig². His findings are indeed that "differentiated integration has become a core feature of European integration", and offers the positive verdict that it has enabled the EU to move ahead to levels of integration that would have been otherwise impossible. But there is still the reminder of risks that too much or too sharply promoted top-tier integration could undermine the basic EU construction, with disaffection on the part of member states not in the top tier. This risk seems not so far to have become a reality, but should not be forgotten.

This line of thought is further pursued here in the search for a renewed and operational narrative. Whereas much of the debate around the 'differentiated' integration has focused on a two-tier structure, here it is suggested that there should now be a three-tier strategic concept:

- Avant-garde of countries that want and are ready for deeper integration
- Core EU of political values and the single market, open for enlargement
- Wider Europe as a construct for all non-member European states that want deep relations with the EU, with or without subsequent accession

¹ Alexander Stubb, "A Categorization of Differentiated Integration", *Journal of Common Market Studies*, Vol. 4, No. 2, June 196.

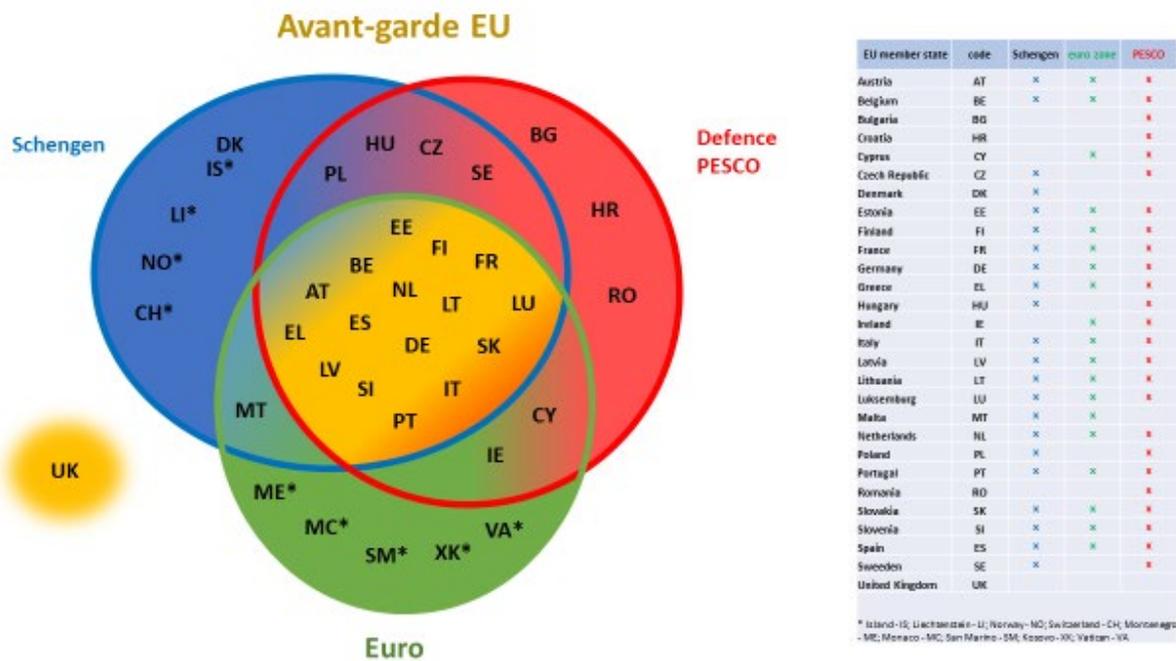
² Frank Schimmelfennig, "Is differentiation the future of European integration?", in Björn Fägersten & Göran von Sydow, eds., "Perspectives on the Future of the EU", Swedish Institute for European Policy Studies (SIEPS), April 2019.

These three tiers can be thought of as a holistic and dynamic system. A continuing process that will go on indefinitely, or at least as far as the eye can see. At any one point there will be a systemic reality. At any one point there will be pressing challenges that will be pushing the system into new shapes.

Avant-garde Europe

This has a long lineage, since the Schaeuble-Lamers paper of a quarter century ago in 1994³.

Nonetheless . It has become a growing structural reality, with the Euro, Schengen and newer defence/PESCO initiatives, all with less than 28 participants.



The Euro system is continuously being, and needs to be, further developed. Banking union and a separate budgetary facility are very much on the agenda.

The Schengen system faces calls (President Macron) to be more restricted in its membership in order to be better aligned with political priorities in relation to immigration and asylum policies.

The defence system is still only at its beginning, but as and when it matures into something effective it will see a sorting of member states between those that have the capabilities and political will to act militarily, and those who do not.

³ Wolfgang Schaeuble and Karl Lamers, "Reflections on European Policy", CDU/CSU Group at the Bundestag, 1994.

There are 16 member states which are in all these three limited membership clubs, and which might be viewed as the Avant-garde in practice (all six founding member states and 10 of the subsequently acceding states⁴). The somewhat different memberships of these three clubs exemplifies a degree also of 'variable geometry'

The future institutional arrangements for Avant-garde competences remains on open question, with some tendencies to adopt ad hoc methods on inter-governmentalism.

Core EU

This can be defined as all the EU's competences, apart from the Avant-garde matter. The Core EU consists of course of the institutions, the corpus of European law applicable to all member states⁵, European political values and – functionally – the massive single market and related measures.

The Core EU should not be thought of as being static. For example the rapid evolution of the regulatory field concerning data privacy and the tech giants, are among the most dramatic examples. The evolving law of the single market reveals virtually every sector to be in a state of continuing movement from decade to decade, if not from year to year.

The distinction between the Avant-garde and Core EU is important also for the presently stalled enlargement process. As the balance between the functions of the Avant-garde and Core EU shift gradually in favour of the former, the resistances to enlargement to the Core EU could decrease.

If these resistances reflect in part concern for the governability of the EU with an increasing number of small and fragile states, there is a compensating factor introduced with the Lisbon Treaty. This was the introduction of the population weight. Much of the business of the Core EU, notably the single market, is conducted under qualified majority voting. The concern that a few small and fragile new member states could wreck the governance of the Core EU is remote, and it would be a very long time before they might accede to the Avant-garde.

Wider Europe⁶

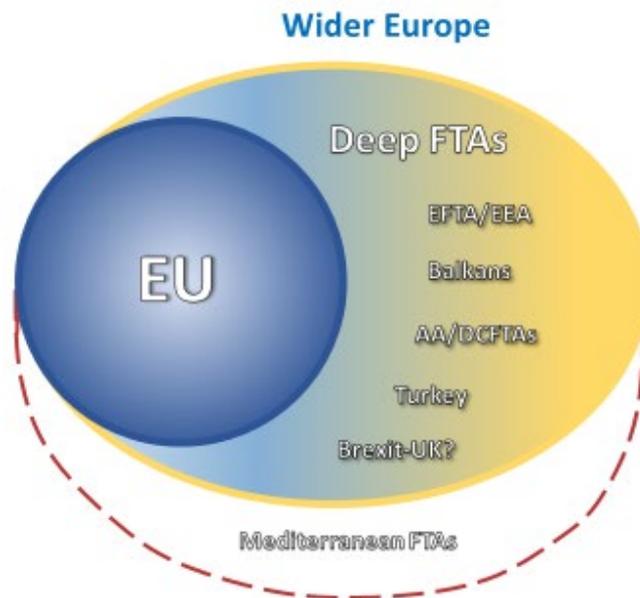
For strategic reasons discussed later below, this could be viewed as the third tier of Europe's future. It would overtake the now obsolete neighbourhood policy, conceived 15 years ago: obsolete first of all because both East and South have radically diverged between and within each of the two regions. But there is a more positive and imperative need for change.

⁴ The founding six, three Meds (Greece, Portugal, Spain), four Baltics (Finland, Estonia, Latvia, Lithuania), and an Austrian-Slovakian-Slovenian trio.

⁵ i.e. excluding European law that applies only to the restricted clubs (Euro, Schengen, etc.).

⁶ For a more detailed presentation, see M. Emerson, "Scenarios for a Wider Europe", CEPS Policy Insights, No. 2019.02, February 2019.

The Wider Europe would bring together all non-EU European states seriously interested in deep integration with the EU, with or without membership. It would be a policy concept involving up to 15 states, with the European Economic Area/EFTA, the Balkans, the newly associated /DCFTA states of eastern Europe, and, if they so wish Turkey with a reformed customs union and the Brexit UK (if it happens).



Current political doctrine and administrative practice in the EU is to keep all these groups of neighbouring states in separate boxes. But the reality is that the EU has *de facto* been developing a common neighbourhood construction, based on a comprehensive set of mainly single market policies that are open to participation by all other European states that wish to integrate deeply with the EU. While the small print of the legal instruments vary between groups, the overarching common ground consists concretely of:

- Deep free trade in similar but different formats: EEA, SAA, DCFTA
- Common technical standards for industrial and agri-food products
- Customs cooperation
- Energy, environment, transport, financial markets & other sectoral policies
- Visa-free travel
- Educational and cultural programmes
- Participation in many EU agencies and programmes
- Budget grants or contributions
- EIB, EBRD investment funding

This assembly of instruments is impressive, but lacking in strategic cohesion, direction and branding. They could however be readily consolidated as the core substance of a Wider Europe brand.

How more precisely would it differ from the status quo? For sure it should not mean collapsing the present of treaties of association (EEA, SAAs DCFTAs, etc.⁷) into one big new treaty, which would be an extremely difficult, politically implausible and unnecessary task. It would instead mean several categories of common action: (a) discussing together the development of instruments that have a common application to all (e.g. preferential rules of origin, technical standards for traded goods, educational programmes, rules of EU agencies and programmes open to all), (b) new regulatory policy developments on matters of common interest and warranting consistent application (data/cyber security, info-tech giants, climate policy, etc.), (c) policy actions that need to respect a natural geography extending across the Wider Europe in a consistent format (e.g. energy and transport networks), and (d) a forum for identification of common foreign and security policy interests. The overarching objective would be to raise the level of common economic integration to a very high level, and solidify the political identity of the area in the face of external strategic challenges.

What about the outer edges of this Wider Europe? Of the other three Eastern Partnership states (Armenia, Belarus, Azerbaijan) these could be observers of the process, or be associated selectively with various activities (e.g. Azerbaijan for energy). Of the South Mediterranean states, only Morocco and Tunisia have been able and willing to engage in negotiations over possible DCFTAs, but both seem to appreciate now that this lies beyond their interests; but they too might be observers or participants in selective activities. The rest of the Arab world poses huge challenges for Europe, but these are of a different category and have to be treated accordingly.

Strategic challenges

Wider Europe can serve as an entirely peaceful response to the Russian and Chinese challenges in our hinterland.

The Russian challenge remains as aggressive as ever, seeking to undermine European orientations and values in the EU itself and in the Wider Europe. The passportisation of the separatist Donbass announced on the day after Volodymyr Zelenskiy's election as President of Ukraine is a stark reminder, if any is needed.

China has caused concern with its divisive 16+1 initiative, covering 11 EU states and 5 Balkan states. The 16+1 and the related but global Belt and Road Initiative (BRI) achieve huge publicity, but for the Wider Europe its realities do not compare favourably with what the EU is doing

⁷ European Economic Area for Iceland, Liechtenstein and Norway, Stabilisation and Association Agreements for the Balkans, Deep and Comprehensive Free Trade Areas for Georgia, Moldova and Ukraine.

already, and what it could do even better under the Wider Europe brand (which could be seen as the EU's own '16+1', but better leave that branding to China).

China present its BRI and its 16+1 (which has recently become 17 with accession of Greece, and all of which are in the BRI signatories) as a 'win-win' for all. Its core content is about the expansion of trade and investment. But look at the facts (Table 1). The weaker of the 16 economies export practically nothing to China. Their trade deficits with China are huge, with China's exports to these countries exceeding its imports from them on average 15 times, and even 35 times for the five Balkan states. The 16 thus import hugely from China, but find it impossible to enter the hyper-competitive Chinese market for simple manufactured goods, and so they can export little (mainly a few commodities) or virtually nothing to China. By comparison the trade deficit of the 16 with the EU is only 1.5 times, and is significantly grant-funded by the EU in any case. The 16 export to the EU on average 60 times as much as to China. Criticisms of Chinese infrastructure projects of dubious cost-benefit value incurring massive indebtedness become vivid – as in the Balkans, with Montenegro incurring €3 billion of debt for its 'road to nowhere'. The Chinese-owned port of Piraeus functions efficiently as part of the Chinese export conveyor belt, but hardly benefits the 16.

Figure 1. Trade balances of the '16' and East European DCFTA states with the EU and China, 2017

	Trade balance with...	Trade balance with...	Exports
Averages of countries below	EU: ratio, imports/exports	China: ratio, imports/exports	Ratio, to EU/China
EU 5	1.1	2.0	13
EU 11	1.0	5.6	59
Balkan 5	2.6	35.8	61
EU 11 + Balkan 5=16	1.5	15.0	60
Georgia	3.4	3.6	3
Moldova	1.5	26.6	85
Ukraine	1.2	2.7	8

Notes:

- EU 5 = France, Germany, Italy, Sweden, UK
- EU 11 = Bulgaria, Croatia, Czech R., Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia
- Balkan 5 = Albania, Bosnia, N. Macedonia, Montenegro, Serbia.
- 16 are as in the '16 + 1' forum where China is the 1.

Three-tier Europe

Avant-garde, Core EU and Wider Europe would be the three tiers, with fluidity for individual states to advance, be it from Wider Europe to Core EU, or from Core EU to Avant-garde, depending on political will and performance. This structure is virtually at hand, and could be put together by the next Commission. An enhanced Wider Europe would be the main

innovation, since the Avant-garde is actually advancing, and the Core EU exists without being so named. Enlargement to the Core EU would also be facilitated. The main constituent parts of the Wider Europe already largely exist, but need to be crafted into a clearly branded, Wider European area of economic and political integration, taking over from the obsolete neighbourhood policy. The holistic quality of the three tiers together would be of the essence, contrasting with the current habit of debating the future of the EU with some references to the Avant-garde, while seemingly treating the rest of non-EU Europe as something so far apart that it hardly enters the debate. A seriously organized third tier has strategic potential for the EU's foreign and security policy, given the Russian and Chinese challenges that are not being adequately met so far.