

European Union in the Face of a Crisis

Sumka Bučan

Faculty of Economics and Social Sciences

International Burch University

sumka.bucan@stu.ibu.edu.ba

Abstract: *The aim of this research is to examine the effects of crises on the supranational structure of the European Union (EU), its further federalisation prospect and enlargement capacity. By assessing how the EU institutions and the Member States have reacted to the crises in the 21st century, how they have responded collectively and what kind of challenges and contestations they have embarked upon, the study uncovers the strengths and weaknesses that affect the EU structures, further federalisation process and the enlargement policies. The crises examined encompass Brexit, refugee and migration crisis, rise of right-wing populism, rule of law challenges and the conflicts in the neighbourhood that affect security, politics and economy of the EU. The other aspect of this study analyses the EU enlargement, as a response to a malign foreign threat, through the accession of new potential candidates, revealing the EU's motivation for expansion, the incentives the membership provides, and the challenges posed to the aspirant countries including the lack of efficacy and issue of economic convergence. While the EU responds capably to tangible challenges, the EU institutions are less efficient in responding to crises connected to identity and value-based issues. The EU continues to be a potent project that provides a just and prosperous outlook for its citizens. Nonetheless, the EU is not 'a melting pot' and prevalence of sovereigntists' influence impedes the federalisation process making some form of 'flexibilisation' a most likely path that would be sought to satisfy diverse interests within the European Union.*

Keywords: *European Union, crisis, Brexit, migration, 'Qatargate', conflict, enlargement, federalisation, flexibilisation*

JEL Classification: N44, O52

ARTICLE HISTORY

Submitted: 17 July 2024

Accepted: 30 January 2025

INTRODUCTION

“A free and united Europe is a necessary premise to the strengthening of modern civilisation, for which the totalitarian era represents a standstill.”

E. Rossi and A. Spinelli (1941)

The idea of a united free Europe was brought by the idealists confronted with the fascist threat during World War II. The Ventotene Manifesto (1941), a manifest about a unification of Europe was written by Italian anti-fascists and theoretical federalists, Altiero Spinelli and Ernesto Rossi, who wrote this foundation document during a house arrest on the island of Ventotene. The basic idea behind European unification was to achieve and preserve peace in Europe. The project that ought to create a supranational structure on the European continent was a complex one and the theorists and practitioners have viewed it differently at the different stages of its development. The EU values that promote peace, justice, solidarity, stability and inclusion are enshrined in the EU Treaties and the Charter of Fundamental Rights. Eighty years after its ideational birth, there is still a strong commitment to a united Europe. The future of the EU and its further development depend on a number of factors and the manner in which its future leaders will respond to potential threats and crises that may emerge from internal and external contexts (Laffan, 2022; Wahl, 2017) as well as a degree of ‘euroscepticism’ that still exists in Europe.

The European institutions that make up the European Union have developed gradually, and the process has not been either straightforward or easy. It had entailed compromises and concessions since. In the process of joining the European institutions, the nation-states had to weigh between different interests and give up a degree of their own sovereignty to legitimise and empower the emerging structures. Apart from creating institutions that make the European Union a supranational project, the EU officials were also creating an ideational base to sustain the structure. The EU Members agreed on adopting and promoting joint values and practices that the EU citizens, regardless of their national identity, religion or race, could identify with. Internalising these joint values, norms and culture (Wendt, 1999) may be the decisive factor in further development of the Union.

The EU have been expanding over time and the expansion process may still not be over considering that number of states aspire to become Members in the future. The prospect of membership is still an attractive option for European states outside the EU, which demonstrates that the EU is a potent project that provides a just and prosperous outlook for its citizens. It is, however, key how the EU will tackle current and potential crises coming both from within and from the outside of the EU and how aligned the institutions and Members will be in responding to those threats. In the last decade, the European Union has faced number of crises that posed a challenge for the EU institutions and have shaken the foundation of the Union. The emerging discussions question the values of the European Union and open the floor for debates about possible scenarios on how future could look like and what are the best or better options for the Member States and their citizens. Largely, the ideas that are taking shape evolve around three alternatives: (a) the EU as a polity, which requires communal effort towards a shared destiny; (b) the EU as a market, structured to economic trade and cooperation, with limited redistribution of generated wealth; (c) the EU as a mean of establishing state authoritarian rule, based on national identity and claims of sovereignty, with transnational financial support (Fabbrini, 2020). The crises that the European Union has faced recently include Brexit, refugee and migrant crisis, rise of right-wing populism, the rule of law crisis produced by the corruption affairs of the EU officials, war in Ukraine and the energy crisis, and unrest and conflicts in the

neighbouring regions that affect the EU's stability and security. The Covid-19 pandemic, in addition, has exacerbated the situation and exposed deep divisions among the EU27 (Fabbrini, 2020).

Aim, Methodology and Theoretical Framework

The aim of this research is to examine the effects of crises on the supranational structure of the European Union (EU), its further federalisation prospect and enlargement capacity. By assessing how the EU institutions and the Member States have reacted to the crises in the 21st century, how they have responded collectively and what kind of challenges and contestations they have embarked upon, the study uncovers the strengths and weaknesses that affect the EU structures, further federalisation process and the enlargement policies. The crises examined affect security, politics and economy of the EU. The other aspect of this study analyses the EU enlargement, as a response to a malign foreign threat, through the accession of new potential candidates, revealing the EU's motivation for expansion, the incentives the membership provides, and the challenges posed to the aspirant countries including the lack of efficacy and issue of economic convergence.

This study relies mainly on gathering secondary data through the desk research method. The desk research examines key EU documents that explain the historical context of European integrations as well as EU policies and material relevant for their interpretation including the White Papers that discusses possible scenarios of future development of the European Union. The desk research also includes a review of relevant theoretical literature, journal articles and reports published by advocacy and civil society organisations.

As far as the theoretical framework is concerned, the study leans on main European integration theories, federalism, neo-functionalism and transactionalism, to explain different processes of the European Union formation and future development. The theory of federalism is used to explain establishment of the institutions, their legitimacy as well as gradual process of the European political unification (Castaldi, 2007). The neo-functionalists' perspective is used to explain the spill-over effect and acknowledge the intergovernmental character of most crucial decisions related to the European integration, while transactionalism provides a theoretical framework to explain the creation of amalgamated security community and sense of community within the structure (Deutsch et al., 1957). The identity formation within the EU is observed from the social constructivism theoretical lens.

Literature Review

To mark 60th anniversary of the Treaties of Rome, European Commission (EC) published a consultative paper, "*White Paper on the Future of Europe: Reflections and Scenarios for the EU27 by 2025*" (2017). The paper is launched with an intent to map out the challenges and prospects ahead of the EU and facilitate a consultative process with variety of stakeholders to determine how different stakeholders with the EU imagine its future. The White Paper thus provides an insight on how the European Commission perceives current and future political processes as it puts forward the drivers of change and presents a selection of scenarios for Europe's 2025 prospect. These prospects range from reducing the Union to a single market to the one that envisages strengthening the institutions in order to "*do much more together*". The paper represents a sort of an inside view into a mind of the subject of observation.

In the edited book "*European Union Politics*" (Cini et al., 2022), Birgit Laffan writes a chapter "*Future of the EU*" (2022, pp. 425-435) that lays out four scenarios how the future of the EU could develop: 'Disintegration', 'Piecemeal Adjustment', 'Functional Federalism', and 'A European Sovereignty'. Recognising that EU is facing enormous challenges deriving from

climate change, accelerating digital transformation, the unstable neighbourhood and the impact on EU's role in the world of Great Power competition, all in light of the COVID-19 pandemic and its consequences, Laffan questions whether there is a sufficient political authority to address EU's challenges while maintaining its legitimacy and managing the profound diversity that characterises the continent. Disintegrative factors cannot be ignored and while 'Piecemeal Adjustment' and 'Functional Federalism' are still most relevant, a less likely scenario 'A European Sovereignty' has only recently emerged on the political agenda as part French President Macron's agenda (Cini et al., 2022).

Brexit has challenged the future of the Union by putting the question of integration goal on the agenda, influencing the ongoing debate that is being characterised by a binary logic: whether to deepen the integration or disintegrated and fall back into the system of nation-state. The scenario of returning to the nation-state does not seem realistic, however, further integration is abrupt due to the Brexit and increasing heterogeneity of the Member States. The European integration coincides and is combined with globalisation, hence a third way in a form of 'flexibilisation' through discerning integration in certain areas and potential disintegration in others, based on selective criteria and adjustable coalitions of the willing, is being identified as a way forward (Wahl, 2017). The EU is undergoing a multi-level crisis: economic, political, and psychological, with Brexit and its consequences non-exclusively causing some of those (Raimzhanova, 2019). These issues exacerbate the EU's prominent issue, its identity formation by the institutions and the constituencies' attachment to the EU. The EU identity, being contingent and contextual (Cram, 2009), is often perceived as a complementary to the national identity with different overlapping and conflicting elements (Mokre, 2007). The attachments to the EU, thus, vary across different countries and social groups, creating tensions between the nationalist and supra-nationalist identification (Raimzhanova, 2019).

The question of identity, collective responsibility and social norms that shape the collective behaviour is also being addressed in „*The EU and the invasion of Ukraine: a collective responsibility to act?*“ (Maurer et al., 2023). The authors examine the EU foreign policy-making practice and assessment of collective responsibility to respond. The EU's response to the Russia's invasion of Ukraine serves as an apposite event that demands a re-evaluating of the premises and understanding of collective foreign policy-making that has existed over decades. Furthermore, the authors conclude that this crisis has served as an epiphany rather than a turning point, providing a reality check for the EU and its Member States on the evolution of the EU foreign policy and cooperation among the Member States. While the EU and its Members, with some exceptions, have demonstrated a high degree of accord and synchronicity when it comes to policy response to crisis caused by Russian aggression on Ukraine, the escalation of Israeli - Palestinian conflict post October 7 events, has produced the opposite results. It had revealed the discrepancy of the EU Member States policies, their positioning and deep ideological differences towards the ongoing conflict and the occupation, affecting the EU's collective ability to respond effectively to this crisis. Ineffectiveness of the EU policy towards Israeli-Palestinian conflict has not only been affected by internal contestation, the regional fragmentation and contextual interplay of multipolar competition have also influenced the EU's role and potential impact in the Middle East Peace Process (MEPP) (Akgül-Açıkmeşe & Özel, 2024).

The EU integration as a form of socio-economic convergence is a multilayer process whereas social and economic elements are significant and interrelated. An important issue while debating about the new states accessing the EU is the economic convergence and, thus, research by Vesna Bucevska “*Determinants of Income Inequality in EU Candidate Countries: A Panel Analysis*” becomes an interesting material for this study. Despite increasing income per capita,

the EU candidate and potential candidate countries are confronted with high levels of income disparity. Bucevska finds that the high rate of unemployment paired with the low level of economic development and slow investment rate are the main factors leading to income differentiation. Indebtedness of the government is statistically significant with negative impact on income disparity, which is also influenced by demographic factors, education level and population growth in the EU candidate countries, thus affecting the social convergence with the EU.

Origins of the EU, Institutions and Processes

To understand the future outlook of the European Union it is necessary to look at its origins and development path. This section provides a brief overview of the EU institutions' development and mandate of those institutions.

European Coal and Steel Community (ECSC), established in 1951 by the ECSC Treaty (Paris Treaty) signed between Belgium, Germany, France, Italy, Luxembourg, and the Netherlands was the first institution that was created with the intent to strengthen the cooperation in Europe after World War II. The treaty established four institutions, predecessors of current EU Institutions, a High Authority, an Assembly, a Council of Ministers, and a Court of Justice. The High Authority was assisted by a Consultative Committee, the forerunner of today's European Economic and Social Committee (EUR-Lex).

European Economic Community (EEC), later European Community (EC), was established in 1957 by the Treaty of Rome which eliminated most trade barriers through a common trade policy in order to create a common market. The institutions that governed EEC involved the Council of Ministers, Commission, Parliamentary Assembly, and Court of Justice.

The European Union, with its executive, legislative and judicial bodies, was officially created by the Maastricht Treaty that entered into force on 1 November 1993. The Treaty set clear rules for foreign security policy defining also closer cooperation in justice and home affairs. The future monetary policy, including an introduction of a single currency was envisaged by the Treaty as well (european-union.europa.eu). European Central Bank (ECB) was established in 1998, succeeding the European Monetary Institute (EMI) formed in 1994 an EU institution governing the monetary policy of the European Union and safeguarding the joint monetary currency, the euro (ecb.europa.eu).

Key Processes

After a period in the 1970s known as the period of 'Eurosclerosis' when processes were stalled, the 1980s and 1990s were decades when important events and processes took place moving Europe towards greater unification, expansion and federalisation. The Decision and Act on European elections that entered into force in 1978 enabled citizens of the Community to directly elect members of the European Parliament giving greater legitimacy to the main legislative body of the future Union. The Single European Act (SEA) established, in 1987, the internal market, ensuring the free movement of goods, persons, services and capital and extending the qualified majority voting for decision-making within the Council (European Council). The Lisbon Treaty of 2009 reformed the structure of the EU. It extends the use of qualified majority vote (QMV) at the Council. The European Council becomes a fully-fledged institution with its own President. The continuous unification process is evident when looking at the process holistically, acknowledging the increasing power and influence of the European Parliament propelled by the direct elections, the greater accountability of the Commission to the Parliament, the expanding application of QMV and the establishment of monetary

sovereignty by establishing ECB. The Court of Justice also gradually established the principles of the prevalence of Community Law, hence establishing its role and influence (Weiler, 1982).

Crises of the 21st Century and their Effects

This section provides a snapshot and a non-exhaustive list of the major crises the EU has faced in the contemporary times. The issues discussed are interrelated and affect the way how EU institutions, Member States and their constituencies view joint future in the Union. The way the EU responded to these crises, institutionally and collectively, provides an insight how resilient the EU is to certain shocks and where its vulnerabilities lie.

Rise of right-wing Populism

The populism in Europe and elsewhere have always existed, but the degrees of its manifestation have varied through different periods. Re-surgency of right-wing populism in the Global West dates back to early 2000's. The 9/11 attack in the United States have triggered, out of concern for security, a wave of intolerance and prejudice towards minorities or population originating from the Middle East. The right-wing populists have used these sentiments to raise fear and incite discriminatory behaviour fuelling it with false concern for jobs that are allegedly being taken away by migrants. The refugee and migration crisis triggered by conflicts in the Middle East in second decade of 21st century has heightened the fears and subsequently provided a fruitful ground for the right-wing populism and far-right extremism. Syrian war (2011 - 2024) has caused the most acute contemporary refugee crisis, which spilled-over from Middle East and Turkey to Europe in 2015 when, through so-called Balkan Route, hundreds of thousands of people have sought a path to find refuge in the European Union. The inflow of refugees and migrants from Iraq, Syria, Afghanistan and other countries have not ceased to date. The migrants entering Europe have represented a break in the existing European border regime, causing political upheavals and profound insecurity concern (Bianchini et al., 2023). Responding to the core fears in Europe after the migration/refugee crisis in 2015 contributed to the rise of right-wing populism. The refugee crisis cause the alteration of the European perception of threats, the anxiety thus shaping European self-identity crisis (Kaunert et al., 2020).

The Dublin Regulation (European Union, 2013) defines the responsibilities of the EU Member State for processing asylum seekers applications, setting a rule that the application is processed by the first country the asylum seeker enters. The Dublin Regulation have been challenged, particularly by Eastern Member States, which have also caused questioning of the basic values of the European Union. The EU's response during 2015 refugee crisis was flimsy and fragmented and this came at the time when a consistent approach, both from the Member States, was more urgent (Bazerkoska, 2022). Although the EU officially proclaims to have a common asylum policy, much in terms of its implementation is left at the discretion of the Member States. Border controls, the processing of asylum applications and assistance provided to refugees is in the authority of the Member States. Since the Member States regulate these important aspects of the policy implementation, the approach and number of processed and granted asylum varies significantly among the Members with Eastern European countries processing and accepting very low number of asylums (Eurostat). The European Union's refugee crises challenge conveys the academic debate on the sustainability of the EU federalism, which has been at the core of the Eurosceptic theoretical debates (Henrekson et al., 2019).

The right-wing political movements and political options have gained the most support in the Eastern Member States that have been most reluctant to accept refugees or grant them an asylum. However, the right-wing movements in progressive democracies have increased their political presence in recent years and participation in national and the EU legislative bodies. The populist manifestations have influenced the public opinion and the decision making in the Member States. The examples range from harsh statements made by Hungarian Prime minister, Victor Orban, who had often equated refugees and migrants with terrorists, calling them “Muslim invaders” who are threatening “sovereignty and cultural identity” of Hungary (DW, 2018). Migration issue was one of the deciding factor for Brexit (Fesenko & Mukha, 2021). France has faced rising Islamophobia and racism and both right-wing and centrist forces have declared a war on so called “Islamism” (Nadi, 2021). In Austria, Germany and the Netherlands, far-right parties were voted in to participate in the legislative bodies. In 2022, the nationalist party *Fratelli d'Italia - FdI* (Brothers of Italy) won the elections and gained the opportunity to form the government. Some of the members of FdI are connected to the fascist legacy and neo-fascist movements and Giorgia Meloni’s anti-immigration position, anti LGBTQ stance, criticism of the secular Left as well as radical Islam as a threat to Italy’s “roots” are cited as manifestation of extremism (Borsari & Novo, 2022). By gaining almost 20 per cent of the seats in the EU Parliament in 2024 (European Commission, 2024) the far-right have consolidated and strengthened the position in Europe.

Another crisis that has further polarised the EU Membership and has evoked the populist sentiment by the EU constituents is the Israeli – Palestinian conflict. The recent episode in the protracted conflict and the ongoing Israeli occupation has, due to divided position by the Member States, paralysed the EU institutional response to the crisis. The Middle East, the southern and eastern shores of the Mediterranean are, according to 1992 Lisbon Note, being considered crucial to the EU’s security and social stability. Despite its normative policy, the EU has long been an ineffective player in the Middle East Peace Process (MEPP) due to lack of joint approach by the Member States whose policies have been driven by own economic, security and domestic interests which were often influenced by interest-group politics. After October 7 Hamas attack and the subsequent Israeli military offensive on Gaza, the EU has not managed to speak in one voice. Unconditional support for Israeli actions by the European Commission President, Ursula von der Leyen, a German centre-right politician, has been criticized by EU legislators and diplomats (Ahmed, 2023). Unlike von der Leyen, Josep Borrell, the High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP) has expressed deep concerns over protection of civilians and upholding of the International Humanitarian Law (Wax & Barigazzi, 2023). Discordant policy of the Member States demonstrated while voting for UN General Assembly Resolution on humanitarian ceasefire in Gaza on 27 October and 12 October 2023. The collective response from the EU, despite the Union’s proclaimed commitment to the rule of law, has been missing even after International Court of Justice (ICJ) ruled a plausible genocide being committed by Israel. The EU has failed to utilise the political, legal and economic leverage provided through Euro-Mediterranean Association Agreement and European Neighbourhood Policy (ENP) to influence and play role in settling this conflict. This is also connected to the limitations of the Common Foreign and Security Policy’s intergovernmental framework, which is subject to the unanimity rule but also the transactional nature and the interest driven relationship the EU and the Member States have with Israel.

The populism phenomenon rises nationalist ideologies and sentiments, it is opposing values and ideal on which the European Union is created and is, thus, threatening the EU’s future as a supranational project and its prospect as potential federal polity.

Rule of Law Challenge

One of the EU's greatest proclaimed values is the commitment to the Rule of Law. The 2022 corruption scandal, known as the 'Quatargate', involving several members of the European Parliament, has shaken the foundations of the European Union to the ground affecting the EU Rule of Law and the EU's most cherished values. A cash-for-favours scheme involving large sums of money and 'substantial' gifts allegedly paid by Morocco, Mauritania and Qatar to influence decision-making inside the European Parliament has been discovered in 2022. While Qatar and Morocco call claims unfounded, over EUR 1.5 million in cash have been confiscated by the Belgian police through several home and office searches. Ten persons, including MEPs Eva Kaili, Pier Antonio Panzeri, Marc Tarabella, Andrea Cozzolino have been indicted for their alleged involvement in the corruption (Liboreiro, 2023).

The president of the European Parliament raised concerns that "*European democracy is under attack*" and prosecutors have suspected that Qatar, especially by targeting aides, had been influencing political and economic decisions of the Parliament for several months (BBC News, 2022). Human Right Watch (HRW), an international human rights organisation, criticized the EU response to the scandal given that the European Parliament decided, as part addressing the corruption allegations, to enforce a strict limit allowing 500-word text for their "urgency" resolutions on human rights abuses in third countries. HRW argues that is not clear how shrinking the length of urgency resolutions, which applies to the 'Quatargate', would serve to fight corruption while arguing that preserving the integrity of the institution depends on the Parliament's serious consideration and focus on adequate measures (HRW, 2023). Further institutional response to the 'Quatargate' had reflected in tightening procedures and increasing the bureaucracy while lacking stronger enforcement of ethics rules for MEPs (Wax & Wheaton, 2023). By passing the opportunity to adopt a meaningful reform of its internal rules, the European Parliament as legislative body with its frail ethics system remains open to undue influence (Transparency International, 2023).

War in Ukraine and the Energy Crisis

In February 2022 Russia started a military offensive on Ukraine, escalating Russo-Ukrainian conflict, which started in 2014, into a fully-fledged war. Apart from devastating effect on Ukraine, the war on the EU borders has caused great shocks in the EU, which has since been faced with another refugee crisis, energy, transport and food crisis. Russia's decision to interrupt gas deliveries to the several Member States has raised additional concerns related to the continuity of energy supply in the EU and has further impacted the situation.

The EU collective security policy, which was already facing criticism for its inadequate and limited response especially in military crisis management (Toje, 2008) as well as contestation by the EU Member States such as Hungary (Maurer et al., 2023) was once again put on a test. The EU has responded with number of measures including the sanctions against Russia. These measures were complementing already existing sanctions imposed in 2014 on Russia following the non-implementation of the Minsk agreement and annexation of Crimea. Sanctions include economic sanctions and visa measures as well as targeted restrictive measures for individuals, targeting people responsible for financing, supporting or implementing actions which undermine the sovereignty, territorial integrity and independence of Ukraine or who profit from these actions (consilium.europa.eu).

In terms of response to the energy crisis produced by the war, with the Versailles Declaration (March 2022) the EU leaders agreed in to phase out the EU's dependence on Russian fossil fuels by further diversifying energy supply sources and routes; fast-tracking the deployment of renewables; and further advancement of energy efficiency and interconnections of gas and electricity networks (consilium.europa.eu). The European Council agreed on banning almost Russian oil imports by the end of 2022 - with a temporary exception for crude oil delivered by pipeline.

The war has also had an enormous impact on global food security and affordability. The EU has not been overly concerned about it due to the availability of food, feed and fertiliser in the Union claiming that due to the Common Agricultural Policy (CAP) the EU is largely self-sufficient. The EU has, however, committed to support the call by the United Nations Secretary-General to extend the UN Black Sea Grain Initiative to address global food crisis (consilium.europa.eu).

Aspirations to improve their collective security and defence policy and response was often expressed by the Member States, notably in the 2016 Global Strategy and in the 2022 Strategic Compass. The norm that the foreign policy is a collective endeavour is being internalised by the Member States. The war in Ukraine has emphasized the necessity for Members to interact and engage with one another in a way that is defined by the terms of their EU membership (Maurer et al., 2023). Nonetheless, the concern is that there are currently too many 'sovereignists' at the decision-making table to allow for further meaningful transfer of power to the EU institutions (Zielonka, 2023). The war at the EU borders amplified with the threat of the Russian influence in the aspirant countries has also generated a major reassessment of the future size of the EU. Ukraine alongside Georgia and Moldova now set the path to become a candidate for the EU membership (Maurer et al., 2023) while the Western Balkan countries, with exception of Kosovo whose status is pending negotiations with Serbia, have all been officially granted candidate status. The EU has also committed EUR 3.3 billion in military aid to Ukraine in addition to EUR8.7 billion committed by Member States, Poland and Germany being the largest providers with EUR 2.5 billion respectively (BBC News, 2023). While the war in Ukraine represents one of the greatest challenges for the EU, it has also urged the Member States to exercise their joint commitments and further its own policy priorities, making the 'collective responsibility norm' to evolve at the faster pace.

Challenges to the EU Cohesion: Between the Disintegration and Enlargement

The ongoing effort to consolidate the Union on the European continent has been contested both by disintegrative processes as well as by challenges connected to the EU enlargement process.

The most unexpected and severe shock the EU faced in the last decade was Brexit, the decision of one of the founding Members of the EEC and the EU to leave the Union. In 2016, United Kingdom (UK) unilaterally decided to retreat from the EU by 2019 in a close-call referendum held on 23 June 2016. This immediately created political uncertainty and volatility in financial markets (Clarke et al., 2017). With per capita income higher than the EU average, the UK was one of the major economies in the EU, which had raised justified concerns that the Brexit might have a substantial impact on the EU, resulting in political, social, economic as well as institutional changes in the EU (Tian et al., 2021). The consequences have in fact been witnessed in socio-economic and political development both in the UK and the EU (Fesenko & Mukha, 2021). "*The Analysis of Impact of Brexit on the Post-Brexit EU Using Intervented Multivariate Time Series*" (Tian et al., 2021) predicted that the EU economy was going to react

negatively to Brexit, envisaging considerable slowdown in the 5-year period. The European Union and the United Kingdom had led tough negotiations on the terms of Brexit, nonetheless they had reached and ratified Withdrawal Agreement in 2019 (eur-lex.europa.eu). The research on the uncertainty Brexit created indicated the UK was the most important net transmitter of uncertainty spillovers in the EU, while France and Germany are among the major net receivers of unpredictable shocks. The results, however, show that the uncertainty have had a positive effect on the major EU economies and negative effects for the UK economy (Makrychoriti & Spyrou, 2022).

If one is to predict how the decision of the UK citizens to withdraw from the EU might affect constituencies in other countries it is necessary also to analyse Brexit from the historic perspective and how willing UK had been to participate in the integration processes in the past. There was always a dose of reluctance in the UK to “play along”. UK did not join European Coal and Steel Community (ECSC), being wary to transfer a degree of its sovereignty to the EU. The United Kingdom also joined the EEC and the EU on special terms, consistently defending the decisions in front of their public. Staying away from most of integration processes could be brought in relation to British identity, which coupled with security concerns, migration crisis, financial and economic crisis has turned to be the key aspects that have led to the Brexit (Fesenko & Mukha, 2021). Nowadays, Brexit is being considered an irrational event that happened due to a combination of circumstances; It is, however, unprecedented that ruling party raised the question of EU membership, which was the case for the United Kingdom, in other EU countries these proposals usually come from the semi-marginal far-right parties (Fesenko & Mukha, 2021). Brexit has created crisis of a single European identity, European integrity and unity and the EU has lost the second economy in the EU, reducing its budget revenues significantly (Fesenko & Mukha, 2021). The Member States remaining in the EU have proved able to stick together and jointly defend the common interests, nonetheless, this type of shocks bring competing visions of the project of European integration to the surface (Fabbrini, 2020).

While Brexit has raised concerns on further EU integration and has provoked the sentiments of the sovereigntists, it has had little effect on the EU Enlargement process. Moreover, the process, that comes with its own set of challenges, have been actualised after the Russian aggression on Ukraine and growing Russian influence in the Western Balkans and Caucasus. Being concerned for the security and stability on the continent and affects the war and the Russian threat might have on the European Union, the enlargement process has been “re-energised” in the past years. Ukraine and Moldova have been granted official European Union candidate status in June 2022, while Georgia remained on the waiting list with a responsibility to implement reforms that would ensure the country's political stability ([euronews](https://www.euronews.com), 2022). These countries joined Albania, Montenegro, the Republic of North Macedonia, Türkiye, Serbia, and most recently Bosnia and Herzegovina on the quest to meet conditions for entering the EU. This can be truly considered a ‘quest’ for the candidate countries given the state of economy, rule of law and democracy in most, if not all, of the pretendants for the membership. The EU legislation (*acquis*) and standards that new Members are required to adopt are devised into 35 chapters which are negotiated one by one. An underlying principle is that countries have to fully transpose and start implementing the EU legislation by the time of accession. Transitional measures are only granted for investment-heavy directives, provided that the measures do not create competition distortion for the EU single market and that those are also limited in time and scope (ec.europa.eu).

Economic convergence is not a negligible aspect of the accession given that an average GDP per capita, as well as average salaries and living standard, are at much lower level in the candidate countries in comparison with the EU Members average (Bucevska, 2019). This, on the other hand, may not be an impediment for the membership given the state of the labour market in the Member States and a current outflow of the workforce from the Western Balkans to the EU. Since 2013, only from Bosnia and Herzegovina, a country of 3.2 million inhabitants, 0.5 million people have left the country to seek work opportunities in the EU (Milojević, 2021). The EU has addressed the economic convergence challenge by aligning the Economic and Investment Plan for the Western Balkans (2020) with the Instrument for Pre-Accession Assistance (IPA) and approving the Growth Plan for the Western Balkans (2023) that comes with the financial envelop of EUR 6 billion to be disseminated through grants and loans for economic integration through Common Regional Market. The underutilisation of EUR14.2 billion IPA¹ in the Western Balkans indicates that state mechanisms in the candidate countries are not mature to undertake serious reforms and manage infrastructural investments at the large scale. Hence, the Growth Plan implementation may also be affected by fragility, instability and undercapacity of the institutions of the aspirant countries, which poses additional challenge for the EU institutions.

Conclusion

This study examined how the EU has evolved and how its response to the crisis situations could determine its future development path and its identity formation. The EU institutions have reacted and responded differently to variety of crises that the Union faced in the 21st century, particularly in the last decade. As far as refugee / migrant crisis is concerned, the response has been inept, and it had revealed serious weaknesses of the EU asylum policy and its implementation. It has also created a fertile ground for the right-wing populism and far-right extremism to expand, although it has already been present and has manifested itself in incidental racism and Islamophobia. With the instability in both southern and eastern neighbourhood, the EU remains a destination refugees and migrants will continue to view as a safe haven. The burden of the asylum processing and granting asylum must be more equally distributed among the EU Member States. This calls for re-examining the asylum regulation, but also the renewed commitment to the EU values that affect the norms connected to those values in the Member States.

The response to the Ukraine war and the corresponding economic and energy crisis has proven that joint foreign policy could be implemented and that the EU institutions and Member States are capable of responding collectively. The sense of community and a joint response prevailed in case of this crisis. While ‘collective responsibility norm’ prevailed in responding to the war that was directly affecting the EU security and economy, there has been an apparent lack of the said norm in addressing the breach of International Humanitarian Law amid Israeli - Palestinian conflict escalation, even when plausible genocide was ruled by the International Court of Justice. Observing these differences in approach to conflicts in the neighbourhood calls for reassessing the European Neighbourhood Policy to allow the manoeuvring space of the EU decision-making by institutionalisation of interest and development of conditionality-based partnerships. Furthermore, the unanimity rule set in Common Foreign and Security Policy’s

¹ Multiannual cumulative implementation rate at the end of 2022 stipulates the commitments at the rate of 26.3% and payments at 3.1%, [Instrument for Pre-accession Assistance \(IPA\) III - Performance - European Commission \(europa.eu\)](https://ec.europa.eu/ipa-ndf/ndf-implementation/)

intergovernmental framework hampers the federalisation processes and the EU institutional response to international developments.

A proper and anticipated response of EU institutions to the corruption scandal known as the 'Qatargate', in form of the reform of internal rules and enforcement policies, is still awaited, but is highly necessary in order to uphold the Rule of Law principles and values that are the integrative fabric of the EU. The first reactions to the scandal were a shock and outrage, however the EU officials have also tried to limit the information and package it as an 'urgency' policy to be described in 500 words, to which human rights organisations have responded with criticism. While representing the challenge to the rule of law, the 'Qatargate' had raised an even more important issue of porosity of the EU legislative body that enables the adoption of policies that are not in the Union's, but in the interests of foreign governments.

The EU has come out of Brexit with a Withdrawal Agreement with the UK and although it has lost its second largest economy and a significant budgetary income source, the remaining Member States have managed to mitigate the risks and maintain resilience both when it comes to anticipated economic downturn as well as a threat of further disintegration. The Enlargement process is still open and ongoing. The Russian threat has "re-energised" it and the effort is being made to prepare candidates for the accession although the EU bureaucracy paired with the inefficient administrative apparatuses of the aspirant countries is making this process cumbersome. The EU, on the other hand, cannot afford too many compromises since the new countries may cause a disturbance if the *acquis* is not fully adopted and if the new members do not truly internalise the European values.

While the EU responds capably to tangible challenges, the EU institutions are less efficient in responding to crises connected to identity and value-based issues which indicates the prevalence of transactionalism in the EU and the Member States' foreign relations. Internally, the collective identity, interest and internalised norms have proven to be able to keep the Union together, nevertheless, it is unlikely that it will continue the federalisation path given the heterogeneity of the membership and the consolidation of the identity politics and populist movements. National states are still strong carriers of sovereignty and a measure of identification for their citizens. The EU is not 'a melting pot' and prevalence of sovereigntists' influence impedes the federalisation process making some form of 'flexibilisation', entailing a discerning integration in some areas and potential disintegration in others (Wahl, 2017), a most likely path that would be sought to satisfy diverse interests within the European Union.

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