ECONSTOR
Make Your Publications Visible.

A Service of
ZBW
Leibniz-Informationszentrum Wirtschaft
Leibniz Information Centre for Economics

Sapir, André

Article

Ukraine and the EU: Enlargement at a New Crossroads

Intereconomics

Suggested Citation: Sapir, André (2022) : Ukraine and the EU: Enlargement at a New Crossroads, Intereconomics, ISSN 1613-964X, Springer, Heidelberg, Vol. 57, Iss. 4, pp. 213-217, https://doi.org/10.1007/s10272-022-1065-2

This Version is available at:
https://hdl.handle.net/10419/262972

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

https://creativecommons.org/licenses/by/4.0/

WWW.ECONSTOR.EU

Mitglied der Leibniz-Gemeinschaft

DOI: 10.1007/s10272-022-1065-2

Intereconomics, 2022, 57(4), 213-217

JEL: F51, F53, F55

André Sapir

Ukraine and the EU: Enlargement at a New Crossroads

On 28 February 2022, the government of war-torn Ukraine signed an application for European Union membership, asking for immediate accession. Three days later, Georgia and Moldova submitted similar applications.

Less than four months later, at the June European Council, EU leaders decided to grant Ukraine and Moldova the status of candidate country, and recognised Georgia's "European perspective," a step towards formal candidacy.

Never before had EU countries reacted affirmatively so quickly to an application for EU membership. This "political gesture" by Europe, as French President Emmanuel Macron described the decision by EU leaders at a press conference during the summit, would not have been possible without the war in Ukraine and the fight of its people "to defend our values, their sovereignty, their territorial integrity," added Macron.

The three countries already had close economic and political ties with the EU. In 2014, they signed Association Agreements with the EU, which include free trade in manufactured goods, some trade liberalisation in agricultural goods and services, and various forms of cooperation aimed at institutional convergence with the EU. But clearly the process of convergence was slow and the prospect of candidate status – which the three countries coveted at least since 2014 – was a distant one before the war in Ukraine.

Joining the EU requires not only that candidate countries fulfil a certain number of conditions, but also that EU countries feel ready to welcome new members.

The question that this paper asks is whether the unprecedented decision by EU leaders to grant candidate status to Ukraine and Moldova is more than a political gesture. What are the prospects for these two countries, and perhaps also Georgia if it obtains the same status, to join the European Union in the near future?

© The Author(s) 2022. Open Access: This article is distributed under the terms of the Creative Commons Attribution 4.0 International License (https://creativecommons.org/licenses/by/4.0/).

Open Access funding provided by ZBW – Leibniz Information Centre for Economics.

André Sapir, Bruegel, Brussels; and Université libre de Bruxelles, Belgium.

Prospects for accession: Parallel with the Western Balkan countries

EU accession is a long process that requires many steps: the European Commission must first assess a country's formal application, then make a recommendation to grant the applicant country the status of candidate. The Council of the EU then approves with unanimity the Commission's recommendation, followed by the Commission's recommendation to open negotiations with the candidate country, which, again, must be approved unanimously by the Council. The Commission will then negotiate with the applicant to verify that it meets the criteria for membership. When satisfied, the Commission makes a recommendation to the Council to unanimously sign the treaty of accession. Finally, the candidate country can become a member.

At the 2003 Thessaloniki summit, six Western Balkan countries received a commitment from the EU that it would support their efforts towards European integration. Nearly 20 years later, only Croatia – which had already applied for EU membership before the Thessaloniki summit – has actually joined the EU. Four other countries have received the status of candidate country, but accession negotiations have only started with two of them and are progressing very slowly. The sixth country, Bosnia and Herzegovina, formally applied for EU membership in 2016 but is still waiting to receive the status of candidate country. There were intense efforts in June 2022 to give the green light to launch accession negotiations with North Macedonia and Albania and to grant candidate status to Bosnia and Herzegovina, but they all failed. Table 1 shows the relevant dates for the accession processes of the six Western Balkan countries as well as Turkey.

The message of Table 1 is that even if the accession process of Ukraine and Moldova is as rapid as it was for Croatia, these two countries will have to wait roughly ten years to join the EU.

Before it was invaded by Russia in February 2022, there was not even a question that Ukraine would receive the status of candidate country if it had decided to formally apply to join the EU. There were two major roadblocks. One was the territorial conflict between Russia and Ukraine. Russia had already annexed Crimea and occupied part of the Donbas region of Ukraine, and the two countries had failed to make any progress with the imple-

Table 1
Past and current accession processes since 2003

Countries	Application	Candidate status	Start of accession negotiation	Signature of accession treaty	Accession	EBRD Governance Index 2016	EBRD Governance Index 2021
Western Balkans							
Croatia	2/2003	6/2004	10/2005	12/2011	7/2013	6.18	6.12
North Macedonia	3/2004	12/2005	--	--	--	5.77	5.41
Montenegro	12/2008	12/2010	6/2012	--	--	5.83	6.19
Albania	4/2009	6/2014	--	--	--	5.16	4.59
Serbia	12/2009	3/2012	12/2013	--	--	5.63	5.88
Bosnia and Herzegovina	2/2016	--	--	--	--	4.52	4.12
New candidates							
Ukraine	2/2022	6/2022	--	--	--	4.09	4.42
Moldova	3/2022	6/2022	--	--	--	4.55	4.88
Georgia	3/2022	--	--	--	--	6.54	6.53
Memo item							
Turkey	4/1987	12/1999	10/2005	--	--	6.08	5.97

Sources: Author's own compilation for the dates; EBRD (2021) for the EBRD governance index.

mentation of the Minsk agreement on the Donbas, which they signed in 2014 thanks to the mediation of France and Germany. Territorial integrity was also a crippling problem for Georgia and Moldova in terms of their accession prospects to the EU.

The other roadblock was the poor quality of governance in Ukraine, in particular with respect to corruption. In 2016, Ukraine ranked last in the European Bank for Reconstruction and Development (EBRD) governance index among the ten countries in Table 1. While it is true that its score improved by 2021, it still ranked ninth, ahead of only Bosnia and Herzegovina, whose score has fallen since 2016. In 2021, Moldova is ranked immediately before Ukraine. On the other hand, Georgia boasted the best score among the ten countries in 2016 and 2021 (see the last column of Table 1).

The war in Ukraine has temporarily lifted these two roadblocks, allowing Ukraine and Moldova to receive the much-coveted status of candidate country. In reality, however, the two roadblocks have not been lifted but simply moved. They will need to be removed perhaps before launching accession negotiations with Ukraine and Moldova, and eventually Georgia, but certainly before completing them.

The question we need to ask therefore is whether the war in Ukraine and the candidate status of Ukraine and Moldova have changed the prospect for improving the situation in these two countries with respect to their territorial integrity and quality of governance. Much depends, obviously, on the prospect of ending the war in Ukraine and under what condition.

If the war ends with a victory of Ukraine and restoration of sovereignty and territorial integrity over all of its internationally recognised borders, then the country's prospect for EU membership would immensely increase. Not only because territorial integrity would be restored but also because victory would lead to the reconstruction of the country, which would likely entail not only physical reconstruction but also a new era of governance, as occurred in Western Europe after World War II thanks to the Marshall Plan.[1]

A trickier situation would be if Ukraine's victory is only partial and full territorial integrity is not restored. Such a victory would still be accompanied by a reconstruction of the country and much progress in terms of governance, which would greatly boost the country's prospect for successful EU membership negotiations. However, it would leave open the question of territorial integrity. Would the EU member states be open to admit a country in their midst without territorial integrity and perhaps even without a peace treaty with Russia? This is certainly not the place to try and answer this question, but it will need to be examined at some stage if the outcome of the war in Ukraine is less than a complete victory for Ukraine in the foreseeable future.

The possibility that Ukraine, and also Moldova and Georgia, may not be able to become EU members in the near future – either because they do not fulfil the accession criteria or due to the reluctance of some current EU members to enlarge the EU without first deepening it – leads to the necessity to consider differentiated forms of European integration for these countries involving more than the current Association Agreements but less than (full) EU membership.

Differentiated integration: Part of the solution?

Article 49 of the Treaty on European Union (TEU) states that: "Any European State which respects the values referred to in Article 2 [human dignity, freedom, democ-

1 See, for instance, Eichengreen (2008).

racy, equality, the rule of law and human rights] and is committed to promoting them may apply to become a member of the Union." However, the Treaty does not provide a definition nor a list of European states.

For practical purposes, a useful definition consists of the list of countries belonging to the Council of Europe, an international organisation founded after World War II to uphold human rights, democracy and the rule of law in Europe. Besides the fact that the flag of the Council of Europe (introduced in 1955) was adopted by the European Union (in 1985), the two institutions have some overlap in terms of membership since no European state has ever joined the EU without first belonging to the Council of Europe.

Founded in 1949, the Council of Europe currently has 46 member states. Russia, which became its 39th member in February 1996, was excluded by the other members in March 2022, following the invasion of Ukraine.

The 46 states belonging to the Council of Europe fall in three categories with respect to the European Union: 27 members of the European Union; nine EU candidate countries (including Bosnia and Herzegovina and Georgia, which have not yet been granted candidate status); and ten other countries (Andorra, Armenia, Azerbaijan, Iceland, Liechtenstein, Monaco, Norway, San Marino, Switzerland and the United Kingdom) all with close ties to the EU.

Although not all nine current EU candidates may eventually become EU members, nor is it excluded that some of the current non-candidates will one day become EU members, at some point in the foreseeable future European states will fall into just two categories: those belonging to the EU and those outside the EU.

Given the huge heterogeneity between the 46 European states in terms of preferences and conditions, it is necessary to consider different forms of differentiated integration both within the EU and between the EU and the countries outside the EU. This is obviously not a new problem,[2] but the newly acquired candidate status of Ukraine and Moldova, and the prospect of such status for Georgia, together with the fact that six other European countries are already candidates (or nearly candidates, in the case of Bosnia and Herzegovina), raises this issue to a higher and more urgent level.

As suggested by Demertzis et al. (2018), it is necessary to take a holistic view and propose a complete architecture for the entire "Europe house". This house should have two wings: one for the EU members and one for non-members.

There can be differentiation among EU members but all of them must belong to certain core policies like the single market with all four freedoms (the free movement of goods, services, capital and labour). All EU members can also, but need not, belong to one or several clubs or partnerships, like the European monetary union or a future European defence union. Such differentiation has both good and bad aspects. The advantage is that it allows countries to experiment with certain policies according to their preferences and needs. The drawback is that it creates a hierarchy between member states, which may be resented by countries that are excluded from certain clubs because they do not meet the requirements for membership; the flip side is that it incentivises excluded countries to take the necessary measures to meet these requirements if they really want to join a particular club.

An important question concerns the division of policies between the compulsory core and the optional clubs. The narrower the core, the lower the requirement for new countries to join the EU and the higher the differentiation between EU members in terms of club membership. Conversely, the broader the core, the higher the bar for new countries to become EU members; but once in the EU, the lower the degree of differentiation.

The present day EU has a very wide core and only a few clubs, mainly the monetary union and the Schengen area. This is one of the reasons why accession negotiations take such a long time. Countries must satisfy many conditions to adopt the *acquis communautaire*.

Could one envision the fast-tracking of the accession of Ukraine (and Moldova, and perhaps Georgia) to the EU as some have suggested? It depends on what is meant by fast-tracking. If it means providing massive assistance to the country as part of its reconstruction after the war and aiming such assistance at fulfilling the conditions for EU accession, then fast-tracking is not only a possibility but even a likelihood. On the other hand, if fast-tracking means that Ukraine would have to meet fewer conditions than previous EU members and adopt only parts of the *acquis communautaire* upon accession, then this is unlikely to meet the approbation of existing EU members. There is some precedent of the relaxation of entry criteria in exchange for a special surveillance procedure after joining the EU – as in the case of Bulgaria and Romania, which became members in 2007 – but this experience is generally not viewed as very successful.

2 See, for instance, Dewatripont et al. (1995) and Demertzis et al. (2018).

European Political Community

Turning now to the relationship between the two wings of the European house, between EU members and non-members, President Macron recently proposed the creation of a European Political Community (EPC). The Community would give the opportunity to basically all Council of Europe members outside the EU to become part of the EU's life. It would entail the regular organisation, during the ordinary meetings of the European Council (four times a year in Brussels) of a European Political Community summit, bringing together leaders of the EU27 and their counterparts of the interested countries. Access to the meetings of the European political families, which are often held ahead of summits would also be possible. The political parties from these non-EU countries could join the European political parties. At the European Parliament, delegations from these countries could sit in plenary sessions as observers, enjoying the right to speak and to contribute to the work of parliamentary commissions, without voting rights, with the exception of resolutions adopted under the aegis of the EPC. The relevant configurations of the Council, in particular that of foreign affairs, would also envisage variable-geometry meetings under the EPC format for countries engaged in EU accession negotiations.[3]

The EPC proposal by President Macron was made in a speech on 9 May 2022. It came in response to the applications for EU membership from Ukraine, Georgia and Moldova, and before the decision by the European Council to grant Ukraine and Moldova candidate status. It was initially rejected by the three applicant countries as a manoeuvre to delay granting them the status of candidate countries. However, now that two of them have obtained the sought-after status, the idea may gain some traction. If so, the EPC could serve as a useful transition to membership to Ukraine and other candidate countries whose accession process may be long.

One of the merits of the EPC proposal is that it seeks to move away from a purely bilateral hub-and-spoke relationship between the EU and other European countries towards a multilateral relationship involving potentially all European countries sharing the values of human rights, democracy and the rule of law that are fundamental to the EPC project.

Continental Partnership

A potentially complementary idea is the Continental Partnership (CP), a proposal made by Pisani-Ferry et al. (2016) to deal with the relationship between the EU and the post-Brexit United Kingdom, but which the authors considered as also relevant to countries like Ukraine and Turkey whose prospects for EU membership were clearly dim at the time. The CP would establish a single market between, on the one hand, the 30 countries belonging to the European single market (the EU27 plus Iceland, Liechtenstein and Norway) and, on the other, non-EU European countries interested in participating. Contrary to the European single market, which involves four freedoms, the CP single market would only provide three freedoms since it would not include free movement of labour. Low-income countries, like Ukraine, Moldova or Georgia, would gain substantial resources to foster institutional and economic convergence, with access to the resources contingent on their making sufficient progress towards this objective. And like the EPC, the CP would create a multilateral relationship among its participants. Non-EU CP members would all participate in the functioning of some EU institutions with observer status or potentially more, but only EU members would have voting rights in the Commission, the Council and the Parliament.

CP membership would mark a huge improvement for Ukraine, Moldova and Georgia compared to their Association Agreements with the EU. It would promote economic and political reforms that would enable these countries to enjoy the kind of economic stability and economic convergence to which they aspire. Like the EPC, it could be a stepping stone towards EU membership, rather than a stumbling block as some fear.

Conclusion

Before it was invaded by Russia in 2022, Ukraine had little prospect to obtain the status of candidate from the EU, let alone actually become an EU member anytime soon. The war in Ukraine and the heroic fight of its citizens against the Russian invaders have earned the respect of everyone in the EU and obliged its leaders to make a political gesture by granting Ukraine and its next-door neighbour Moldova the status of candidate countries.

If Ukraine decisively wins the war, the two main roadblocks to its EU accession – a territory partly occupied by Russia and the poor quality of governance – may simply be ignored. It will have recuperated its territory, and the spirit of victory supported by massive reconstruction aid will likely transform its governance as happened in Western Europe after World War II. In this case, Ukraine may reasonably hope to join the EU in the foreseeable future.

However, if the outcome of the war is less than a full victory for Ukraine, the prospect of EU membership is likely

3 See Chopin, Macek and Maillard (2022).

to be less favourable. Some of the EU countries will be hesitant to accept a country whose territory remains partially occupied by Russia, especially if the continuous conflict with Russia prevents the country from fully reconstructing itself and decisively improving the quality of its governance. In this case, Ukraine may be forced to wait a long time before joining the EU, and mechanisms like the European Political Community or the Continental Partnership may be very useful bridges towards future EU membership.

For its part, the European Union would do well to prepare itself for a new enlargement that may see not only Ukraine, but also Moldova, Georgia and the Western Balkan countries become EU members in the next 10 or 20 years. This will require, as on the occasion of past enlargements, that the widening of the EU is accompanied by its deepening.

In this respect, it is disappointing that EU leaders, who decided to grant candidate status to Ukraine and Moldova at their June 2022 summit, did not use the occasion to also convene a European Convention in order to amend the European Treaties.

References

Chopin, T., L. Macek and S. Maillard (2022), The European Political Community: A new anchoring to the European Union, *Notre Europe Policy Brief*.

Demertzis, M., J. Pisani-Ferry, A. Sapir, T. Wieser and G. Wolff (2018), One Size Does Not Fit All: European Integration by Differentiation, *Bruegel Policy Brief*, 3/2018.

Dewatripont, M., F. Giavazzi, I. Harden, T. Persson, G. Roland, A. Sapir, G. Tabellini and J. von Hagen (1995), *Flexible Integration: Towards a More Effective and Democratic Europe*, Centre for European Policy Research.

Eichengreen, B. (2008), *The European Economy since 1945: Coordinated Capitalism and Beyond*, Princeton University Press.

European Bank for Reconstruction and Development, (2021), *Transition Report*, 2021-22.

Pisani-Ferry, J., N. Röttgen, A. Sapir, P. Tucker and G. Wolff (2016), *Europe after Brexit: A proposal for a continental partnership*, Bruegel.