The Member States and Differentiated Integration in the European Union

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Editors’ introduction to the Special Issue

The Member States and Differentiated Integration in the European Union¹

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Differentiated Integration in the European Union

European integration has never been a ‘uniform’ process, with one set of rules applying equally to all Member States. Instead, from Rome (1958) to Lisbon (2009), the treaties establishing the European Union (EU) and its predecessors have all contained exceptions from common provisions. The literature refers to this phenomenon as differentiated integration (DI). While DI has always been a feature of European integration, the absolute number of exceptions in EU treaties and secondary law has increased over time (Schimmelfennig and Winzen 2020a). The Lisbon Treaty, for example, is considered a milestone for DI (Koller 2012; Brunazzo 2019). As such, the EU has become an increasingly differentiated political system in recent years (Leuffen et al. 2013; Dyson and Sepos 2010).

Despite this, there is surprisingly little research about the attitudes of political actors – such as governments – towards DI. Five contributions in this special issue investigate this gap in the literature. Putting a focus on smaller and less studied EU Member States, they develop in-depth case studies of Austria, Finland, Portugal, Romania, and

¹ The research leading to this report was conducted within the InDivEU project. The project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No. 822304. The funders had no role in the study design, data collection or analysis.
Slovenia. For better comparability, these papers follow a common approach (see below). In addition, the special issue contains a thematic contribution which explores whether the EU’s differentiated Banking Union will ultimately converge in uniform integration or see further differentiation.

**Theory and conceptualization**

Five contributions in this special issue follow a joint approach in exploring how much governments debate differentiated integration and about the way they view it. The approach conceptually distinguishes between policy differentiation, polity differentiation, and mechanisms of differentiation. This conceptualization disentangles previously conflated dimensions of DI and helps to generate a clearer understanding of what drives differentiation in the EU.

**Policy Differentiation**

Policy differentiation refers to the differentiated participation of Member States in specific EU policies, such as the Eurozone or the Schengen Area. The literature explaining policy differentiation distinguishes between demand-side and supply-side factors (Leuffen, Rittberger, and Schimmelfennig 2013; Schimmelfennig and Winzen 2020b). On the demand-side, DI is seen as rooted in the heterogeneity of the Member States with regard both to their integration preferences and their integration capacity. Repeated EU enlargements and treaty revisions are seen as the main sources of increasing heterogeneity in the EU. On the supply-side, EU decision rules are crucial. The combination of increasingly diverse Member States and demanding decision rules can lead to decision-making gridlock. By exempting or excluding Member States from participation in common policies, differentiated integration offers a way to increase decision-making effectiveness. In addition, differentiated integration can serve to accommodate the concerns of reluctant Member States and to protect the quality of common policies. In short, by allowing reluctant and underprepared Member States to refrain from cooperation temporarily or permanently, the willing and able Member States can deepen their cooperation in specific policy fields. The result is that not all Member States participate in all EU policies at the same time or to the same extent, hence policy differentiation.

**Polity Differentiation**

We distinguish policy differentiation from polity differentiation. Polity differentiation refers to the nature and functioning of a differentiated EU as a whole. This perspective builds on Alexander Stubb’s (1996) influential categorization of differentiated integration in terms of space, matter, and time. Differentiation always involves the dimensions of space (Member States) and matter (policies). Depending on whether membership in various policy regimes is overlapping or not, polity differentiation can take two different shapes: In the first scenario, the EU would comprise a deeply integrated core surrounded by ‘concentric circles’ of less integrated Member States. In the second scenario, the EU would consist of multiple policy regimes with partially overlapping membership, a ‘Europe à la carte’.

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2 This framework was developed for the Horizon 2020 project InDivEU on differentiated integration in the EU. More information and project outputs are available here: [http://indiveu.eui.eu/integrated-database/](http://indiveu.eui.eu/integrated-database/)
Moreover, differentiation can be either temporary or permanent. Temporary differentiation means that while not all Member States participate in all EU policies at the same time, all will ultimately reach the same level of deep cooperation. While temporary differentiation is compatible with the idea of an ‘ever closer Union’, permanent differentiation is not. Hence, the former type of polity differentiation would result in a ‘multi-speed Europe’, while the latter would produce a ‘Europe of multiple end points’.

Polity differentiation is an outcome of policy differentiation. However, the policy and polity objectives of Member States may not always overlap. While policy differentiation can achieve immediate policy objectives, the accumulated effect of these exceptions may undermine the effectiveness and legitimacy of the EU as a whole. Conversely, Member States may also seek to protect the effectiveness and legitimacy of the EU polity by excluding unprepared Member States from common policies. Finally, due to domestic electoral pressures, Member States may pursue exceptions from EU rules even if they worry about a loss of influence in a differentiated EU. In short, due to ill-aligned national objectives, capacity concerns, and time inconsistencies, Member States are likely to engage in more policy differentiation than their polity preferences regarding the functioning of the EU would suggest. To the extent that this is the case, polity differentiation can be thought of as an unintended consequence of policy differentiation.

**Mechanisms of Differentiation**

In practical terms, DI can be realized via a variety of legal mechanisms (De Witte 2018, 2019). The most common of these are ‘opt-outs’ from common policies and ‘enhanced cooperation’. Opt-outs can be distinguished as voluntary exemptions or discriminatory exclusions from community rules (Schimmelfennig and Winzen 2014). Voluntary opt-outs are seen as rooted in Member State preferences and usually occur in the context of EU treaty change (deepening integration). Discriminatory opt-outs are rooted in concerns about the capacity of a Member State to implement a common policy. They usually occur in the context of EU enlargements (widening integration). But Differentiation also results from demand for more integration. Such ‘enhanced cooperation’ allows Member States to pursue deeper integration in a small avant-garde group, usually requiring the consent of the non-participating states, while also generating a certain pressure for ‘laggard’ states to catch up.

**Table 1**  
*Conceptualization of differentiated integration*

<table>
<thead>
<tr>
<th>DI dimension</th>
<th>Explanation</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy DI</td>
<td>Variation in participation in EU policies due to diverse integration preferences/capacities of member states</td>
<td>Eurozone, Schengen</td>
</tr>
<tr>
<td>Polity DI</td>
<td>Effect of differentiation on the nature and functioning of the EU</td>
<td>‘Multi-Speed Europe’, ‘Multi-End Europe’</td>
</tr>
<tr>
<td>DI mechanisms</td>
<td>Instruments which realize Member State demand for more or less integration</td>
<td>‘Opt-outs’, ‘Enhanced cooperation’</td>
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</table>

Methodologically, authors in this special issue analyse key documents in the period between 2004 and 2019. First, a list of DI-related keywords (see Appendix 1) is
translated into the relevant national languages. The salience of DI is assessed by counting the frequency of references to DI keywords in parliamentary debates, assuming that more debated issues are politically more relevant. To assess governmental positions on differentiated integration, the authors code mentions of DI keywords which were made by members of the government/governing parties in parliamentary debates. To capture indirect references to DI, the authors also read government programs and key speeches by Prime Ministers/Presidents at the national and European level.

**Key findings of the Special Issue**

The first five contributions of this special issue look at several smaller and less studied EU Member States. Specifically, these contributions assess the salience of DI in the political debates, as well as the positions of governmental actors on this topic over the period 2004 and 2019.

Looking at the Austrian case, Katrin Auel shows that, overall, DI has not been a salient issue in this country – at least with regard to general concepts and models. While the political actors have often debated policy integration, the general implications of DI, particularly for the EU polity, were largely absent from political debates. In Austria, the fairly critical attitudes of citizens towards the EU did not translate into political attempts to obtain opt-outs from EU policies.

The pattern was similar in Finland. Saila Heinikoski clearly shows that Finland has discussed DI mainly with regard to approving specific instances of differentiation, such as the Prüm Convention or the adoption of the PESCO. In contrast to its Scandinavian neighbours, which have opted for non-participation in certain key EU policies, Finnish governments seek to participate in all EU initiatives. Nevertheless, there has been little debate in Finland about DI’s systemic consequences for EU integration.

In Portugal, as Frederico Ferreira da Silva shows, the salience of differentiated integration was generally low. However, it was enhanced during the euro crisis, when domestic and European politics intersected. The position of Portuguese governments regarding DI during the period analysed was overwhelmingly negative. In general, this stance was also shared by the opposition parties: DI models were considered to be against both the European and the national interest. Specifically, there was concern that DI may push Portugal into an even more peripheral position. However, the enhanced co-operation mechanism was seen in a generally positive manner, recognising its potential to promote advances in European integration when the EU faced gridlock.

The case of Romania, presented by Claudia Badulescu, shows how DI is perceived in a country which is involuntarily excluded from both the Schengen Area and the Eurozone. In the period considered, a relatively low salience of DI models and DI mechanisms was evident, though the salience of Schengen and the Eurozone was high. Notably, all Romanian governments have shown strong opposition to DI for fear of being left behind in a ‘second-tier’ Europe.

The analysis of the Slovenian case by Maja Bučar and Boštjan Udovič shows that the keywords associated with the salience of DI are seldom used in parliamentary debates, coalition programmes or prime ministerial speeches. In Slovenia, the issue of DI is
more a topic in academic discussion than in daily politics. Slovenian politicians perceive a strong and united EU as a factor of key importance for the country, and fear that a multi-tier EU would mean fewer opportunities for smaller and/or less developed countries.

Finally, the article on the European Banking Union (EBU) written by Eva Hanada concludes this special issue of ANZJES. This is an original topic (EBU was only recently adopted) and rarely considered in the literature on DI. The research shows that some non-Euro countries look at EBU opt-in as the first step toward the adoption of the common currency, while others prefer to protect their national sovereignty in financial supervision.

**Concluding remarks: Beware of unintended consequences**

This ANZJES special issue seeks to complement the literature on DI by looking at the national debates on this topic in some of the smaller EU Member States and in the recent decision concerning the adoption of EBU. While, on the one side, DI typologies, mechanisms and rationale have been the focus of a significant amount of research, on the other side the literature on government positions and, more generally, political debates about DI are far more limited.

The first five articles clearly demonstrate that DI is not a salient issue in the smaller Member States analysed. While DI has definitely entered onto the EU’s political agenda, as the 2017 *White Paper on the Future of Europe* clearly illustrates, it received less attention at the Member State level. This is especially true for polity differentiation. Indeed, when national government and parliaments did discuss DI, the focus was predominantly on specific policies. This confirms the notion that the member states primarily view DI as a means to achieve policy objectives. At the policy level, the formation of Member State preferences was strongly influenced by existing or expected European interdependencies. Moreover, in some countries, the opposition parties instrumentally used DI to question the EU policy of the government, thus politicising the topic. Finally, the policy-focus of the Member States also means that they are paying little attention to the potential long-term effects of DI on the nature and functioning of the EU. Arguably, this myopia increases the chances that DI may have unintended negative consequences for the integration process in the long run.

It remains to be seen if differentiated integration will receive more prominent attention in national political debates in the future. Regardless, political actors would do well to consider some of the following questions regarding the impact of DI on the nature and functioning of the EU: how much differentiation is possible without putting at risk the sustainability of the integration process? Where does differentiation end and disintegration begin? Does DI increase the complexity of the EU and exacerbate its democratic deficit? And, finally, is the future of the EU inevitably more differentiated? Of course, there remains much food for thought and research for several other special issues.

**References**


## Appendix 1

### Keywords

<table>
<thead>
<tr>
<th>Polity DI</th>
<th>Multi-speed EU</th>
<th>Multi-end EU</th>
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<tr>
<td></td>
<td>Two-speed Europe / EU</td>
<td>variable geometry</td>
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<td>Multi-speed Europe / EU</td>
<td>core Europe / European core</td>
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<td></td>
<td>Coalition of the willing</td>
<td>two-tier Europe</td>
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<td>concentric circles + EU</td>
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<td>à la carte + EU</td>
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<tr>
<td>DI mechanisms</td>
<td>Enhanced co-operation</td>
<td>Opt-out</td>
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<th>Policy DI</th>
<th>Inter se agreements</th>
<th>External agreements</th>
<th>Enhanced cooperation</th>
<th>Opt-out policy fields</th>
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<tr>
<td></td>
<td>Prüm Convention</td>
<td>EEA</td>
<td>Rome iii</td>
<td>Schengen</td>
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<td></td>
<td>European Stability</td>
<td>Customs union +</td>
<td>Unitary patent</td>
<td>Economic and Monetary</td>
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<td></td>
<td>Mechanism</td>
<td>Turkey</td>
<td>Matrimonial property</td>
<td>Union</td>
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<td></td>
<td>Fiscal Compact</td>
<td>Eastern partnership</td>
<td>regimes</td>
<td>Security and defence</td>
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<td>Unified Patent Court</td>
<td>Euromed</td>
<td>Financial transaction</td>
<td>policy</td>
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<td>Single resolution</td>
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<td>European public</td>
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Differentiated Integration - Views from Austria¹, ²

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Abstract
This paper investigates the salience of and the position on Differentiated integration (DI) for the Austrian government. The analysis is based on both an analysis of government programmes, programmatic government speeches and parliamentary debates between 2004 and 2019/20. It shows that DI is overall not a salient issue in Austria, at least with regard to general DI concepts and models. Specific instances of DI were, of course, subjects of intense debates but, with very few exceptions such as the financial transaction tax as an instance of enhanced cooperation, rarely discussed with specific reference to DI. Overall, most Austrian parties are also not generally in favour of DI, quite the opposite. The dominant vision of the EU is that of a community of closely cooperating Member States with the same rights and responsibilities where opt-outs are seen as cherry picking. Only one party has forcefully supported the development of a core Europe, namely the right-wing populist Bündnis Zukunft Österreich (Alliance for the Future of Austria, BZÖ). In this case, however, DI is mainly regarded as a means to exclude groups of Member States (especially the financially more vulnerable or net recipients) from areas of integration.

Keywords: differentiated integration, Austria, Nationalrat, enhanced cooperation, financial transaction tax

1 Introduction

Differentiated integration (DI), i.e., the uneven application of EU primary or secondary law to its Member States, has been a feature of European integration since the outset and was well-established by the time Austria joined the EU in 1995 (Schimmelfennig & Winzen 2020). Yet with very few exceptions, integration of Austria in the EU has never been strongly differentiated. Austria has, as part of the European core, actively participated in all aspects of the integration process (Ibid.: 11.), including those in the context of enhanced cooperation or the European Common Security and Defence Policy and PESCO, despite and within the limits of its constitutionally guaranteed neutrality (Gärtner 2018, for a critical perspective, Gressel 2021). Among the other exceptions are mainly opt-outs which do not only apply to Austria individually, but are

¹ The article is based on research conducted by Katrin Auel and Anna Pixer (Auel & Pixer 2020). I would like to thank the editors and anonymous reviewer for their helpful comments as well as the participants from the Austrian Parliament for their feedback. The usual disclaimer applies.
² The research leading to this report was conducted within the InDivEU project. The project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No. 822304. The funders had no role in the study design, data collection or analysis.
open to all Member States, such as the opt-out from the cultivation of genetically modified organisms (GMO).

Against this background, this contribution to the special issue “The Member States and Differentiated Integration in the European Union” edited by Telle et al. (2021) provides a descriptive analysis of the salience of DI and the position of political actors towards differentiated integration in Austria between 2004 and 2019/2020. Following the joint approach for this special issue (see the introduction to this issue, Telle et al. 2021), we distinguish between *polity differentiation* by time (multi-speed Europe) and as an end state (multi-end Europe), the two main *mechanisms of differentiation* (enhanced cooperation and opt outs) and *policy differentiation* in terms of EU policies and instances of differentiation.

The next section introduces the data and methods of analysis, while sections 3 and 4 present the data on *polity differentiation* and *policy differentiation/mechanisms* of DI, respectively. Both empirical sections will address the two main common research questions addressed in this special issue regarding the salience of and the position towards differentiated integration among political actors in Austria. They show that differentiated integration is overall not a salient issue in Austria, at least regarding general concepts and models. While specific instances of *policy integration* have, of course, been the subject of intense political debates, DI as a more general topic has come up only infrequently in both government speeches and parliamentary debates since 2004. Given the overall low salience, the position of political actors towards DI is difficult to assess. Yet the analysis suggests that most Austrian politicians are not in favour of polity differentiation, but rather quite the opposite. The Austrian vision of the EU seems to be that of a community of closely cooperating Member States with the same rights and responsibilities. As a result, opt-outs are generally assessed more negatively, and enhanced cooperation is regarded as a feasible second-best rather than undesirable option. The final section discusses the findings and concludes.

### 2 Methods and data

To measure the salience of DI, we conducted a computer-assisted count of DI-related keywords in a variety of document types over the period of 2004 to 2019/2020.3 The documents analysed include all government programmes 4, the first government declarations by the Chancellor (and occasionally, the Vice Chancellor) after taking office, speeches made by the Chancellor in both the European Parliament (EP) and the Austrian Nationalrat on the occasion of taking over the EU Council Presidency in 2006 and 2018, as well as all government EU-declarations5 related to European Council meetings. In addition, we analysed all parliamentary debates in both houses of the Austrian parliament (Nationalrat and Bundesrat) between 2004 and 2019. Here, we had to focus on plenary debates, as the committees meet behind closed doors and do not provide stenographic minutes.

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3 Unfortunately, we were not able to include Future of Europe (FoE) debates as no Austrian representative gave a FoE speech in the European Parliament. Chancellor Kurz’s speech at the kickoff celebration for the European citizens’ dialogues in Austria in June 2018 is unfortunately also not available.

4 Between 2002 and 2020, Austria had 7 governments, of which one, in 2019, was a caretaker government under Chancellor Bierlein after a successful no confidence vote against Chancellor Kurz. The Bierlein government did not draw up a government programme.

5 According to §74, para. 1 of the standing orders of the Austrian Nationalrat, the Government presents an EU declaration twice a year in close proximity to the European Council meetings.
For the selection and analysis of the documents, the common list of keywords related to DI (Telle et al. 2021 in this issue) was translated into German (see Auel and Pixer 2020 for details). While we analysed all government programmes and programmatic speeches by members of the Cabinet, the stenographic minutes of parliamentary debates were searched via the advanced search engine provided by the Parliament’s website using the list of keywords. In addition, as actors sometimes use English terms, we searched for these as well (e.g., coalition of the willing, enhanced cooperation, opt-out, PESCO). The resulting minutes were then selected manually to avoid false positives. This was especially the case for terms, such as enhanced cooperation (verstärkte Zusammenarbeit) or opt-out, that are either commonly used in German or were used frequently in debates related to domestic policies. The salience of different aspects of DI was then measured using the key word counts across the selected documents.

To gauge the position of government and parliamentary actors regarding DI, we selected all segments within the government programmes, programmatic speeches and stenographic minutes that included an assessment of polity differentiation as well as DI mechanisms, excluding, in turn, all segments in which key terms were referred to in neutral terms or only mentioned in passing. For these segments, we coded the speaker, the government status (governing or opposition party) as well as the general assessment (negative or positive). These segments were coded manually using Max QDA software.

3 Polity Differentiation

Salience of Polity Differentiation

While the EU, European politics and policies play a prominent role in Austrian government programs (Auel & Pixer 2020), differentiated integration in terms of polity differentiation is not a salient issue. The only government program that explicitly mentioned concepts related to polity differentiation (here: variable geometry and core Europe) was the program of the 2008 Faymann government. The same is true for the first speeches of the Chancellor after each election (government declarations) in both chambers of the Austrian Parliament or the Chancellors’ speeches on the occasion of the EU Council presidencies in 2006 and 2018 in the European Parliament and the Austrian Nationalrat. While speeches occasionally referred to specific instances of policy differentiation, neither of them addressed the concept of polity differentiation explicitly. Statements by Chancellors or Vice Chancellors made in Parliament related to European Council meetings (EU declarations), finally, explicitly mentioned concepts related to polity DI twice, both in the same declaration by Vice Chancellor Spindelegger in December 2011 referring to a ‘multi-speed Europe’.

Turning to parliamentary debates, Figure 1 shows the low salience of polity differentiation in both chambers of the Austrian Parliament between 2004 and 2019, with an average of just over eight key word mentions a year. Overall, concepts related to polity differentiation as an end-state (multi-end Europe) were mentioned more

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6 In 2017 and 2020, separate speeches were given by Chancellor Kurz and Vice Chancellors Strache and Kogler, respectively, which were coded as well. Chancellor Bierlein, in turn, defined the role of her unelected caretaker government as "verwalten, nicht gestalten" (caretaking, not decision-making) and did not give a programmatic speech.

7 Neither Schüssel nor Kurz presented the Council presidency priorities in a plenary session of the upper chamber, the Bundestag.
frequently than concepts related to polity differentiation as a process (multi-speed Europe), and especially in 2007, 2008 and 2010.

Figure 1  Multi-end and multi-speed concepts in parliamentary debates 2004-2019 (absolute numbers, N = 138)

The most often used keyword was ‘core Europe’ (Kerneuropa) with 68 per cent (Figure 2), with terms referring to a Europe of two or different speeds following far behind. The other keywords played no (variable geometry, two-tier Europe) or only a very small role.

Figure 2  Multi-end and multi-speed concepts in parliamentary debates 2004-2019 (aggregated percentages)

Note: MS = ‘Multi-speed Europe’ model; ME = ‘Multi-end Europe’ model
Positions on Polity Differentiation

Assessing the position of Austrian governments on polity differentiation based on the programmes and programmatic speeches is difficult given its low salience. Opposition to polity DI was only spelled out in the 2008 government programme, where the incoming new grand coalition between the social democrats (SPÖ) and the Austrian Peoples’ Party (ÖVP) explicitly rejected the introduction of general forms of DI:

“In the future, Austria will continue to participate actively, fully and equally in all EU policy areas. We reject variable geometries that exclude Austria. Generally, we oppose new dividing lines in Europe (e.g., in the form of a core Europe)” (Regierungsprogramm 2008: 238).8

While this emphasis may have been a reaction to the negotiations on the Lisbon Treaty at the time, all government programmes until 2013 explicitly emphasised the full and active participation of Austria in all EU policy areas. The programmes of the two Kurz governments (2017 and 2020), also committed to “participating in the future development of the EU as an active and reliable partner” (Regierungsprogramm 2017: 22), put a stronger focus on subsidiarity and the concentration of the EU’s core tasks. In addition, the ÖVP/Greens government programme of 2020 emphasises the expectation that all members of the EU stick to the rules and that those who do not, regarding the budget rules or the rule of law, are to be sanctioned (Regierungsprogramm 2020: 175). A similar demand is made regarding “effective sanctions for Member States that violate the Dublin Agreement by tolerating illegal migration to central Europe and do not act against human traffickers” (Regierungsprogramm 2020: 178). At the same time, “Austria positions itself in the EU in favour of a new [working] together rather than the old [working] against each other” (Regierungsprogramm 2020: 175). This sentiment also featured in the speeches by Chancellor Kurz on the occasion of the 2018 Austrian Council presidency. Kurz made a reference to “first and second-class members” in the speeches, but in relation to a general increase in conflict and dividing lines among groups of Member States and not specifically in relation to DI:

“I have the feeling that it has become much more common among the Member States that one group complains about the other, the north about the south, the west about the east and vice-versa. I, in turn, believe in a united Europe, a Europe of cooperation and a Europe in which first- and second-class Member States do not exist (Chancellor Sebastian Kurz, Speech in EP, 3 July 2018).

The overall position that emerges from the programmatic documents and speeches is that Austrian governments seem to regard the EU as a community of equal and closely cooperating members with the same rights and responsibilities. As a result, polity differentiation is not a preferred option:

“A Europe of different speeds is not my plan, and therefore we must do something to stop it [...] we must strengthen the common method in the European Union. Common method means developing solutions together [...] and not trying to construct a Europe of different speeds” (Vice Chancellor

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8 All translations from German are by the authors.
Wolfgang Spindelegger, ÖVP, Nationalrat, EU declaration, 14 December 2011, p. 17).

Broadening the analysis to parliamentary debates 2004 to 2019 indicates that throughout the period under investigation opposition parties positioned themselves far more frequently on polity DI than members of the government or the governing parties (Figure 3). In addition, polity differentiation by time (multi-speed Europe) played less of a role than polity differentiation as an end state (multi-end Europe), with the concept of a ‘core Europe’ being the most frequently mentioned.

**Figure 3**  
Assessment of concepts related to multi-speed and multi-end Europe by government status (absolute numbers)

Overall, the debate contributions again illustrate that the Austrian mainstream parties do not see polity differentiation primarily as an opportunity for closer cooperation between specific, willing, Member States, but as an undesirable framework in which each member would be able to choose what rules it wants to abide by. This is also observable from the fact that the term ‘core Europe’ is used by most mainstream parties with a rather negative connotation – similar to Europe à la carte:

“The SPÖ [is] a pro-European party that is fully committed to European integration in its entirety and not as a patchwork as you [the BZÖ] envision it in the form of a core Europe or similar ideas” (MP Elisabeth Grossmann, SPÖ, Nationalrat, 8 July 2008, p. 57).

“With 500 million people and 27 states, there will be no Europe à la carte, where anyone can practically choose in a modular system what they like best; there must be rules of the game” (MP and former Chancellor Wolfgang Schüssel, ÖVP, Nationalrat, 9 April 2008, p. 104).

Given the negative assessment of polity differentiation as an end state, it is hardly surprising that concepts related to polity differentiation by time are also rejected by the main parties:
“Incidentally, it would be disastrous to kick any countries out of the eurozone now. What kind of signals are these? - The two speeds would then already be three different speeds in Europe, at some point the whole of Europe will be a tattered, holey Emmental history” (Federal Councillor Stefan Schennach, SPÖ, Bundesrat, 17 December 2010, p. 106).

“A Europe à la carte, where each partner only chooses what they like most, cannot be our goal, just like a Europe that has to follow the slowest ship in the convoy” (MP Carmen Jeitler-Cincelli, ÖVP, citing Helmut Kohl, Nationalrat, 13 November 2019, p. 3).

Most of the assessments as well as the focus on the concept of core Europe, however, were due to contributions by the right-wing populist opposition party Alliance for the Future of Austria (Bündnis Zukunft Österreich, BZÖ), which also partly explains why polity differentiation became a much less salient topic from 2013 onwards. The BZÖ was the only party advocating polity differentiation in the form of a core Europe, emphasising the advantage of Member States being able to choose which integration steps they want to be part of in terms of democratic legitimacy:

“We have an idea [...] how to make this Europe better, namely more democratic. [...] we want to create a core Europe with the highest level of integration. The people should through referendums decide whether they want to participate or not” (MP Herbert Scheibner, BZÖ, Nationalrat, 9 April 2008, p. 129).

Yet although often coined in terms of self-determination and democratic legitimacy, other statements and motions make it rather clear that the BZÖ had a very specific core Europe in mind, namely that of the European net payers or 'best developed countries':

“We need a new Europe, we need new structures. That’s why we advocate a Europe of different speeds. One can’t compare Austria and Germany and Holland and Great Britain with those which newly joined: with Romania, with Bulgaria and other countries. They can’t all be tarred with the same brush. That’s why we said there must be a core Europe, a core of the European Union of the best developed countries” (MP Herbert Scheibner, BZÖ, Nationalrat, 8 July 2008, p. 56).

“We from the BZÖ have therefore long demanded a core Europe of the net payers” (MP Christoph Hagen, BZÖ, Nationalrat, 24 March 2010, p. 125).

The continuing insistence of the BZÖ on a specific type of polity integration may also explain the rather negative assessments by the mainstream parties, which were often voiced as a response to BZÖ statements.

“I found the remarks [...] on the two speeds interesting. If a car were travelling with two different speeds – left axis, right side – that vehicle would normally get torn apart. Europe would, of course, face the same danger. [...] That alone shows

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9 The BZÖ was founded in April 2005 by former FPÖ party leader Jörg Haider and other members of the FPÖ, and took the place of the FPÖ in the government coalition until 2006. Between 2007 and 2013, the BZÖ was in opposition, after the election in 2013 it was no longer represented in Parliament having failed to jump the 4% threshold.
there is one speed, there is one Europe” (Junior Minister [Staatssekretär] Josef Ostermayer, SPÖ, Nationalrat, 4 July 2012, p. 230).

Once the BZÖ was no longer represented in Parliament, debates over polity differentiation became relatively rare. The only other party that discussed the idea of a core Europe and a process of polity differentiation in a somewhat positive light were the NEOS in 2016 in relation to EU migration policy and border control during the refugee crisis. Yet deeper integration among a European core or ‘coalition of the willing’ was advocated not so much as a desirable option, but as a feasible way of achieving necessary further integration with at least a smaller number of Member States.

“This should never have become a crisis! Why has it become one, nonetheless? Because there is no common European policy. […] [As a result], a majority of the 28 EU Member States succumbs to nationalism and egoism – unfortunately our Austrian government as well. […] Let’s take care of securing the EU’s external borders together! Together! If that does not work in the framework of the EU 28 […] then a few brave ones, a few that are willing, have to lead the way and create a core Europe in which we can achieve what the 28 cannot: a common foreign policy, a common asylum and migration policy and a common border security (Rainer Hable, NEOS, Nationalrat, 16 March 2016, p. 78f.).

4 DI mechanisms and policy differentiation

Salience of DI mechanisms and differentiated policies

Compared to the more fundamental concepts of polity integration, mechanisms of DI and policy differentiation were somewhat more salient for Austrian political actors during the period under observation. All government programmes addressed matters subject to policy DI, especially related to security and defence policy and PESCO, Schengen, the Economic and Monetary Union and the financial transaction tax as well as the office of the European public prosecutor. Yet the programmes mainly referred to the policies without addressing the underlying DI mechanisms enhanced cooperation or opt-out – one exception being the 2013 SPÖ/ÖVP programme, which referred to enhanced cooperation in connection with the financial transaction tax.

“The introduction of a financial transaction tax will be pursued. Austria will participate in an introduction within the framework of enhanced cooperation; in addition, it will continue its efforts regarding a preferable global introduction” (Regierungsprogramm 2013, p. 105).

A similar picture emerges from the analysis of programmatic government speeches. Unsurprisingly, given their importance, government declarations, EU declarations or speeches made on the occasion of the Council presidency addressed policies and policy areas subject to DI fairly frequently, yet almost never in the context of differentiated integration or with references to DI mechanism. Exceptions are two EU declarations by Chancellor Gusenbauer in 2007 that addressed the British opt-out from the Charter of Fundamental Rights. In addition, several general EU government declarations mentioned the mechanism enhanced cooperation related to the introduction of a financial transaction tax.
Figure 4 provides an overview of the mentions of the DI mechanisms opt out and enhanced cooperation in the plenary debates 2004 to 2019 in both houses of parliament. It also reports mentions of PESCO as a specific form of enhanced cooperation introduced with the Lisbon Treaty but already laid down in the Constitutional Treaty (Nováky 2018, p. 98).

While the sheer key word count suggests that opt-outs were rather salient in Austrian parliamentary debates, the debates were mainly centred around two policy issues, the Working Time Directive (especially salient in 2011 and 2014) as well as the cultivation of genetically modified organisms (GMOs) in 2015. Regarding the Working Time Directive, Austria never formally opted-out of applying the maximum weekly working time and supported the phasing out of this opt-out option. In practice, however, and hotly debated among the political parties, Austria applied a limited opt-out from the maximum weekly working hours for medical hospital staff, formalised, albeit for a limited time, in 2015 through the Hospital Working Time Act (*Krankenanstalten-Arbeitszeitgesetz*, see also Eurofund 2015: 11). In addition, opt-outs were salient in 2007 in the context of the European Charter of Fundamental Rights, and especially the British opt-out from it. Enhanced cooperation as a mechanism, in turn, was mainly debated in 2012 and in connection with the introduction of a financial transaction tax, while PESCO was especially salient in 2004.

Position on DI mechanisms and differentiated policies

Given that policy differentiation is assessed rather negatively by most Austrian political parties and actors, it is not surprising that policy differentiation and the related mechanisms of enhanced cooperation and opt-out are also viewed as generally undesirable developments. Indeed, Austrian governments have generally been critical of opt-outs, for example regarding the British and Polish opt-outs from the European Charter of Fundamental Rights:
“one has to ask the question of what the future development of Europe will look like if individual states continue to opt out of common European policies. That [...] does not accomplish the real aim of the European project. I have a lot of empathy for national sensitivities in this context but our goal [...] is a Europe with equal rights for all” (Chancellor Alfred Gusenbauer, SPÖ, Nationalrat, 8 November 2007, p. 38).

“What is going to be interesting is, of course, that not all policy areas will be dealt with by all Member States in the future. [...] This can lead to a sort of partial membership in important issue areas. And the countries [...] will have to think very carefully whether [...] this will not become a second-class membership [...] something I personally have never envisioned as a goal for Austria” (MP and former chancellor Wolfgang Schüssel, ÖVP, Nationalrat, 8 November 2007, p. 50).

Still, Figure 5 shows a more nuanced picture. While opt-outs are overall seen as more negative, the opposite is true for enhanced cooperation. Yet in both cases, the assessment depends on the specific policy area. To illustrate the position of political actors regarding mechanisms of DI, the following will therefore focus on three salient instances, namely PESCO, the financial transaction tax as well the GMO opt-out.

**Figure 5** Assessment of DI mechanisms in parliamentary debates by government status (absolute numbers)

![Bar chart showing the assessment of different DI mechanisms by government status.]

**PESCO**

The EU’s Permanent Structured Cooperation (PESCO) was especially salient in 2004 in the context of debates on the Constitutional Treaty. Criticism was voiced by the Greens, arguing, inter alia, that such a form of cooperation would lead to the formation of a ‘military core Europe’:

“[Structured cooperation] sounds like a horrible foreign term, but it means something very simple. The European Constitution is supposed to provide individual Member States with the option to create something akin to a military core Europe. This is problematic for several reasons, and it is currently still an open question whether this is a sensible contribution to the necessary
integration regarding the European foreign and security policy” (MP Peter Pilz, Greens, Nationalrat, 4 June 2004, p. 53).

The other parties, by contrast, supported the inclusion of an opportunity for closer cooperation in the Treaty since it provided the possibility of a voluntary and limited engagement by neutral Austria.

“The European Constitution does not bring about any major changes in security and defence policy. As before, it stipulates that the Member States can gradually establish closer cooperation in the field of defence. In doing so, the special character of the defence policy of individual Member States must be preserved. This means the neutral states that can, of course, maintain their neutrality” (MP Peter Schieder, SPÖ, Nationalrat, 11 May 2005, p. 77f.).

During the negotiations on the Lisbon Treaty, the Greens raised similar concerns regarding a ‘military core Europe’ in a debate in 2008 in the Bundesrat, without however, mentioning PESCO in particular. When PESCO was created years later, Austrian involvement was largely undisputed, and Austria currently participates in six PESCO projects (Stellwag et al. 2020: 16). Although the Greens occasionally raised questions regarding increased defence expenditure or the guarantee of Austria’s neutrality in connection to PESCO\textsuperscript{10}, they did not address PESCO as a form of DI as such. Overall, Austrian neutrality is seen as constitutionally compatible with engagement in PESCO, and CSDP more generally, inter alia as a result of the so-called ‘Irish clause’ in Article 42.7 TEU (Gärtnert 2018). A resolution in March 2018, requesting the Federal government, “based on the status of perpetual neutrality, [...] to continue working for the security of Europe within the framework of the CSDP and structured cooperation (PESCO)” (Nationalrat 2018) was supported unanimously by MPs from all parties.

Enhanced Cooperation: The Financial Transaction Tax

Austria has long been a strong advocate of the introduction of an EU-wide or, ideally, global financial transaction tax. A first cross-party resolution in support of a, then, Tobin Tax was carried with unanimous support in May 2006 (Nationalrat 2006), but the topic became more salient with the outbreak of the financial crisis in 2008 and the eurozone crisis in early 2010. Further all-party resolutions in support of a financial transaction tax followed (e.g., December 2008; July 2011). Yet over the course of 2010 and 2011, it became clear that an EU-wide introduction would be difficult to achieve.

The financial transaction tax is something that we in Austria, to our disappointment, cannot decide alone [...] Yet a European or international financial transaction tax demands the agreement of other heads of government, at least within the Eurozone – I would already be content if that succeeded – or at the level of the European Union” (Chancellor Werner Faymann, SPÖ, Nationalrat, 5 October 2010, p. 31).

An all-party resolution in October 2011 (Nationalrat 2011) asked the government to continue to advocate the introduction of the financial transaction tax in the EU or at

\textsuperscript{10} E.g., written question by Federal Councillor Ewa Dziedzic, David Stögmüller and friends to the Chancellor regarding the Permanent Structured Cooperation in the area of defence (PESCO), see https://www.parlament.gv.at/PAKT/VHG/BR/J-BR/J-BR_03509/imfname_607363.pdf
least in the eurozone. By 2012, Austrian political actors had largely resigned themselves to the fact that an introduction of a financial transaction tax would only be possible in cooperation with a limited number of Member States. Accordingly, Austria supported and participated in the request for the establishment of enhanced cooperation in 2012 (European Commission 2012: 3). It is also from this point on that the financial transaction tax was discussed explicitly in the context of enhanced cooperation – or DI more generally.

Well, if we get the financial transaction tax – or whatever its name may be – to work through enhanced cooperation: a thousand roses! Yes, we will fight for that, and we have a plan” (Minister and Vice Chancellor Michael Spindelegger, ÖVP, Nationalrat, 28 March 2012, p. 81).

In this context, members of the governing parties also used the term ‘coalition of the willing,’ which was otherwise mentioned very rarely:

“In the fight against the crisis, and for budget consolidation [we need] also the financial transaction tax; hence the decisions which ECOFIN and the summit have made, namely that the blockade by individual countries is overcome and the way is cleared so that the coalition of the willing – those states willing to introduce the financial transaction tax – can also introduce it” (Junior Minister [Staatssekretär] Andreas Schieder, SPÖ, Nationalrat, 4 July 2012, p. 129).

“One will also have to see that we […] finally get through with the Austrian demand for a financial transaction tax, that we can at least get a coalition of the willing together in the eurozone among the 17 states” (Federal Councillor Gottfried Kneifel, ÖVP, Bundesrat, 4 October 2012, p. 51).

To summarise, an implementation of the financial transaction tax through enhanced cooperation was, despite the more positive rhetoric, generally not seen as a successful way of achieving greater integration among a selection of Member States, but rather as the only feasible alternative given resistances among several Member States.

GMO opt-out

As mentioned above, opt-outs from EU policies are generally seen as negative and not as an option Austria would want to pursue. Austria did, however, strongly advocate the introduction of an opt-out option for Member States regarding the cultivation of genetically modified organisms. With public opinion strongly opposing GMO, Austria had already banned the cultivation of several GMOs in the past based on Article 95(5) TEU (Nice Treaty). While the bans were initially lifted by the European Commission, they were eventually upheld by the Council (Skogstad 2011). In 2009, and supported by other Member States, Austria therefore proposed “a set of minor amendments to relevant EU legislation, which should introduce the right of an individual Member State to restrict or prohibit indefinitely the cultivation of authorised GMOs on its territory” (Council General Secretariat 2009: 3) and welcomed the introduction of the opt-out in the directive in 2015. Yet although all Austrian parties were pleased with the result, and it was occasionally mentioned that a GMO opt-out could also be considered a competitive advantage for Austria, most MPs also pointed out that they would have preferred an EU-wide ban of genetically modified organisms.
“For Austria, a Europe-wide ban on the cultivation of genetically modified foods would have been the best solution, and we have campaigned for this in Brussels. Unfortunately, a total ban is not acceptable to a majority in the EU. [...] We have to accept that now, but we will keep fighting. We achieved what was possible at the moment and I think we can be very satisfied with that” (MP Christine Muttonen, SPÖ, Nationalrat, 21 January 2015, p. 201).

Therefore, [...] it should be the aim of all of us - and I believe that it is also the aim of all of us - that the cultivation of GMOs is banned not only in Austria, but in the entire European Union (MP Philipp Schrangl, FPÖ, Nationalrat, 21 January 2015, p. 202).

**Conclusion**

Differentiated integration (DI) is overall not a salient issue in Austria, at least regarding general concepts and models. Since 2004, the topic has only come up very infrequently in government programmes, programmatic speeches by the Chancellor and other members of the cabinet or in parliamentary debates. Specific instances of policy differentiation have, of course, been subject of intense parliamentary debate, but they were rarely discussed in a broader context related to polity integration. Given the overall low salience, the position of political actors towards DI is difficult to assess. Yet the analysis suggests that most Austrian politicians are not in favour of polity differentiation. The Austrian vision of the EU seems to be that of a community of closely cooperating Member States with the same rights and responsibilities in which all members abide by the same rules and opt-outs are usually seen as cherry picking. This position is also shared by all political parties – with one exception: The only outspoken supporter of DI was the right-wing populist BZÖ, which mainly used the concept to advocate a closer integration among the richer Member States (core Europe of net payers).

The low domestic salience of DI can also be explained with the fact that Austria generally aims to participate fully in all EU policies including those in the context of enhanced cooperation. Although Austrian citizens are in favour of EU membership, public opinion is fairly critical of the EU (Schmidt 2021), but this does also not translate into political attempts to carve out opt-outs from EU politics. Even where specific EU initiatives were assessed somewhat more critically, as for example in the case of the office of the European Public Prosecutor11, Austria participated in the measures. While PESCO was initially rejected by the Greens as constituting a ‘military core Europe’, both its creation and Austrian involvement were largely undisputed by the time of its implementation in 2017. In the case of the financial transaction tax, Austria, long a strong advocate for its introduction, supported and participated in the request for the establishment of enhanced cooperation in 2012, yet considered the use of the instrument only a second or third best option compared to an international or EU-wide introduction. Here, GMO cultivation is one of the rare instances where Austria actively pursued opt-outs from a European policy - first individually, then in the form of a general opt-out option for all Member States.

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References


Discourses on differentiated integration in Finland – Controversy over the Prüm Convention, credit-claiming for Pesco

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Abstract
This article discusses discourses on differentiated integration (DI) in Finland both from the quantitative and qualitative perspectives. It illustrates how salient DI has been in Finland between 2004 and 2019 and how government and opposition parties have approached DI, with special focus on the Prüm Convention and Permanent Structured Cooperation (PESCO) in defence. It also examines approaches towards polity differentiation, i.e., the idea of multi-speed or multi-end Europe, as well as discourses on DI mechanisms, namely enhanced cooperation and opt-outs. The article concludes that the Finnish approach towards DI is pragmatic and generally positive, as the country has joined almost all instances of enhanced cooperation, unlike its Nordic neighbours Denmark and Sweden. This may be due to the lack of politicisation of DI in Finland, which has also allowed the country to join those instances.

Keywords: differentiated integration, European Union, Finland, Permanent Structured Cooperation, Prüm Convention

Introduction

Not much is known about how European Union (EU) Member State governments view differentiated integration, and this article aims to fill this gap for one EU Member State: Finland. It investigates the salience of differentiated integration (DI) in Finnish government discourses between 2004 and 2019. It also probes into the position of Finnish governments on the issue of DI in selected peak-salience years (2006–2008, 2012–2014, 2017–2020). The assumption is that the more a government talks about DI, the more relevant it is. While key word counts in government programmes and PM speeches show the salience of DI at specific moments in time, an analysis of parliamentary debates allows us to identify trends over time and situational peaks.

Finland does not have any opt-outs from EU policies, but it participates in most instances of enhanced cooperation. In general, Finnish politicians have emphasised that the optimal solution would be to have all EU Member States on board – but differentiated integration can be an option in order to move forward in certain fields.
Finland has wanted to remain in core Europe and participate in all significant integration projects. Since 2004, participation in the Prüm Convention and Permanent Structured Cooperation (PESCO) seem to be the only DI instances that some politicians have opposed. These two instances of policy differentiation are also discussed specifically in this article, since those were the ones that spurred some political controversy. Usually, Finland is involved in new EU policy initiatives as a matter of course. In the case of PESCO, the Finnish government even took some credit for the launch of cooperation. This is remarkable for a non-NATO country which was initially wary of some aspects of the EU’s Common Security and Defence Policy (see e.g. Devine 2011; Duke 2018).

In the Finnish case it is also interesting that its Nordic neighbours, Sweden and Denmark, have been much more reluctant to join all EU policies. Neither Sweden nor Denmark is part of the eurozone, Denmark has opt-outs from key integration fields and has not joined PESCO or the Prüm Convention, of which Sweden only became a member in 2013. Finland therefore stands out as the Nordic country that is most interested in participating in voluntary EU policy frameworks. The sections that follow delve deeper into the Finnish approach on differentiated integration and potential explanations for this. The questions the article seeks to answer include to what extent and how have Finnish politicians discussed differentiated integration, and what are the potential explanatory factors behind the positive approach?

**Theory and methods**

The results are based on an analysis of various government documents with the framework outlined in the introduction to this special issue (Telle, Brunazzo & Doidge 2021). The material analysed includes government programmes, Prime Ministerial speeches, Prime Ministerial European Council statements and parliamentary debates. They were analysed in this order. The salience of DI models, DI mechanisms and DI instances was assessed by counting key words in the above-mentioned documents. In some cases, key words were counted from 1994 onwards (Finland joined the European Union in 1995). The material included in the analysis is presented in Table 1.

<table>
<thead>
<tr>
<th>Category of document</th>
<th>Time period</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 First speeches and parliamentary debate</td>
<td>2004-2020</td>
<td>The first speech after the election of each PM in parliament and the subsequent debates (years same as above).</td>
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</table>

The latest statement related to DI was made on 22 November 2017 on current EU matters, including PESCO (Finnish Parliament, 2017). Another statement was made in May 2017 about the Commission’s Future of Europe scenarios, and this was the parliamentary debate with the strongest focus on DI over the period covered. It seems that the Prime Minister provides such statements only on very important topics. The statements focused on Ukraine in 2014, on economic matters discussed at a summit in 2011, on the European stability package in 2010, on the results of the inter-governmental conference (Lisbon) in 2007, on current EU matters after a summit in Lahti in 2006, on the Northern Dimension in 2005 and on the summit agreeing on the Constitutional Treaty in 2004.
Since Finland has two official languages, all the key words were searched in the repository of the Finnish Parliament with both Finnish and Swedish equivalents. The keywords were searched with the stem of the word, as both languages may have small variations at the end of the word depending on the conjugation of the word. The main problem encountered in the search was that the Finnish and Swedish equivalents are rarely used in political debates, perhaps due to their technicality. Sometimes, only one part of the key word was used in the search, such as ‘differentiated,’ which might have been used in connection with a word other than ‘integration.’ For some key phrases, both the acronym and the longer version were searched.

The results regarding the number of key words in government documents and parliamentary debates were verified through a close reading and holistic grading of the respective government programmes and speeches. The following sections summarise the results of the analysis.

**Polity differentiation: Multi-speed Europe and multi-end Europe**

The use of conceptual key words in parliamentary debates is visible in Figure 1. We can observe that conceptual key words related to DI models have been practically non-existent in parliamentary debates. The low salience of DI is also reflected in the fact that the concepts do not have established translations and are not part of everyday political debate, even though politicians might *de facto* discuss differentiated integration. The figure below illustrates that salience has been low throughout the period from 1994 onwards. Finland has usually considered it important to join instances of enhanced cooperation, even though the country has emphasised that unity is always the preferred option, and such instances must remain open to all willing Member States in all stages of their development.

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3 Each document (n=28) was carefully read and scored between 0 (no reference to DI) and 2 (direct reference to DI). In addition, the position of the documents was evaluated as either 0 (negative), 1 (neutral) or 2 (positive).
Over the entire period, ‘multi-speed Europe’ and ‘core Europe’ were the most frequently recurring key phrases, covering more than two thirds of all the conceptual key words. A breakdown of the keywords used in peak-salience years (2000, 2003, 2017) illustrates that there was variation. In 2017, most DI references referred to ‘core Europe’ and ‘multi-speed Europe’. However, in 2000 and 2003 not many references to ‘core Europe’ were made while most key words referred to ‘multi-speed Europe’. Interestingly, ‘differentiated integration’ as such was not mentioned in the 2017 or 2000 debates, but in 2003 there was one reference.

We can see that 2017 was the absolute peak year, with multi-speed Europe coming up in several debates. However, most references were made in a single debate held on 31 May 2017 after the Prime Minister’s announcement on EU policy as a result of the Commission’s White Paper on the Future of Europe. Still, the fact that multi-speed Europe was referred to only fourteen times during the peak year suggests that concepts related to DI are very rarely discussed in the Finnish Parliament.

The use of DI key words was not very frequent in post-Council statements by Prime Ministers either. Core (ydin) Europe was only used in 2010 and multi-speed (eritahtinen) Europe appeared in both the statements made in 2017. Overall, differentiated integration does not seem to be a key issue as such. Finland has been eager to join almost all instances of enhanced cooperation and DI has not caused significant debate.

While the salience of polity differentiation was low, the quantitative analysis regarding DI models shows that Finnish politicians have a rather positive or neutral approach to multi-speed Europe and coalitions of the willing, in which Finland has usually participated (Figures 2 and 3 below). The government is slightly more positive than the opposition, with the opposition mainly making neutral statements with regard to multi-speed Europe. When it comes to multi-end Europe, the situation is more divided, since there is a slightly higher number of negative statements than positive ones. In 2017, the negative statements by the opposition usually dealt with PESCO, which the opposition did not believe would take Finland into the core of Europe. Positive statements usually outlined that Finland wants to enter the core of Europe, but
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negative statements considered that there is a core Europe making decisions which Finland has little chance of influencing. Being in the core appeared positive and remaining outside was negative.

**Figure 2**  
Position on multi-speed Europe (multi-speed + coalition of the willing)

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<tr>
<th></th>
<th>Negative</th>
<th>Neutral</th>
<th>Positive</th>
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<tbody>
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<td>Government</td>
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<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Opposition</td>
<td>3</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>2006-2008</td>
<td>2</td>
<td>0</td>
<td>0</td>
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<td>2012-2014</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>2017-2020</td>
<td>2</td>
<td>10</td>
<td>9</td>
</tr>
</tbody>
</table>

**Figure 3**  
Position on multi-end Europe (core Europe + à la carte)

<table>
<thead>
<tr>
<th></th>
<th>Negative</th>
<th>Neutral</th>
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<td>Government</td>
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<td>Opposition</td>
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<td>2012-2014</td>
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A few examples of these instances are illustrated here. For example, on 2 May 2012, there was a debate on how the Lisbon Treaty had impacted the Common Foreign and Security Policy. The parliament’s Committee for Foreign Affairs had a critical view of the EU’s external action in its report issued to the parliament. MP Miapetra Kumpula-Natri, chair of the Grand Committee dealing with EU affairs, considered that the Union was operating normally, although the financial crisis dominated the media. She also deemed it important to have a clear position on a multi-speed Europe:

“But these decisions on the measures that are proposed are also important to take into account in their entirety because there will be **multi-speed development** in different sectors, and what is Finland’s position in this new kind of Europe?” (MP Miapetra Kumpula-Natri (SDP), 2 May 2012).

On 28 April 2017, two Social Democratic MPs took up DI in a debate on a government proposal on the European Small Claims procedure and the European Order for Payment procedure. They called for a general debate on the Future of Europe already before the scheduled debate on 31 May, in the light of the five scenarios of the Commission White Paper. They wanted to know if Finland wanted to be in the core of Europe and if there could be multi-speed integration:

“In addition, what I have thought of a lot is this comprehensive debate, whether we enter all the **cores** and how deeply and in which fields and whether there can be **multi-speed development** and so on” (MP Pia Viitanen (SDP), 28.4.2017).

On 31 May 2017, the Prime Minister stated that, “If necessary, **multi-speed advancement in the Union** is also possible.” (Prime Minister Juha Sipilä (Centre), 31.5.2017). Whereas the government spoke mainly through the Prime Minister (the debate was based on an announcement by the Prime Minister), various opposition MPs
took the opportunity to present their views on differentiated integration in their group presentations. They insisted on Finnish influence and were worried that some countries would steer integration too heavily. For example, a Social Democratic MP reminded that “if integration shifts towards multi-speed Europe, Finland will have to aim to have influence at all the tables” (MP Jutta Urpilainen (SDP), 31.5.2017).

Finally, in a debate on current EU issues announced by the Prime Minister on 22 November 2017, a few opposition politicians took the opportunity to criticise the unclear approach to DI and the lack of leadership in Finnish EU policy:

“You, Prime Minister, simultaneously talked about unity and gave your support for multi-speed development” (MP Tytti Tuppurainen (SDP), 22.11.2017).

Overall, both government and opposition politicians approached both multi-speed Europe and multi-end Europe positively, even though the latter word was not explicitly used. Instead, some politicians emphasised that it is important that Finland enters all cores of Europe. In the next section, two examples of policy differentiation are discussed: the Prüm Convention and Permanent Structured Cooperation (PESCO) in defence.

**Policy differentiation: Prüm Convention and PESCO**

The Prüm Convention and PESCO are the two differentiated EU policies that were discussed the most in the analysed material. As mentioned above, Finland joined both policies and took even partial credit for the launch of PESCO. The Prüm Convention is a so-called inter se agreement, which EU Member States concluded outside the framework of the European Union. PESCO, in turn, is an instance of enhanced cooperation made possible by the Lisbon Treaty among willing Member States within the framework of the European Union (see also Telle, Brunazzo & Doidge 2021).

Figure 4 shows that debates about differentiated inter se agreements peaked in 2012, when there was a total of 148 references to the European Stability Mechanism (ESM) in Finnish parliamentary debates. This is due to the financial crisis and the establishment of the ESM in late 2012. However, the ESM was not discussed within the context of differentiated integration, while the Prüm Convention is a more interesting case for the purposes of this article focusing on DI. The Prüm Convention, indeed, aroused quite an active debate during its peak year 2006, when the Finnish government issued its proposal to join the Convention. The Prüm Convention also came up relatively often in the years immediately following the Finnish accession to the Convention in 2007, but no references were made after 2016.

The Prüm Convention peak was also visible in the 2006 presidency speech in the Finnish Parliament, which mentioned the Prüm Convention eight times, as the government parties and even the largest opposition party expressed support for participating in the Convention, which Finland had yet to join. The government issued a proposal to join the Prüm Convention in March 2006, with the opposition Greens and the Left Alliance criticising the proposal (and eventually voting against it in February 2007). Only seven EU Member States were involved in establishing the Prüm Convention, and these two opposition parties criticised Finland for joining an already agreed arrangement among a few countries outside the EU structures.
There was a debate on 8 November 2006 on the government proposal on the approval of the Prüm Convention. Justice Minister Leena Luhtanen (Social Democratic Party) stated that the Prüm Convention had not been prepared in accordance with the Treaty provisions on enhanced cooperation but intergovernmentally, which was contrary to the general objectives of Finnish EU policy. However, she considered that this derogation from the Finnish line of promoting EU-level preparation was justified due to the benefits received from participation:

“A few words on the relation of the Prüm Convention to the general objectives in Finnish EU policy. We declared in our statement [by the Ministry of Justice] that the Prüm Convention has not been prepared in accordance with the provisions in the EU Treaties concerning enhanced cooperation but intergovernmentally, and this is where this preparation diverts from the general principles of Finnish EU policy. Because of this, the Ministerial Committee on EU Affairs, among others, has discussed and processed this issue several times, but has considered that the benefit received from joining the Convention in terms of promoting international cooperation by law enforcement authorities is greater than the possible damage caused by activities that are contrary to the principle assumed in Finnish EU policy” (Justice Minister Leena Luhtanen (SDP), 8.11.2006).

In the same debate, the Minister of the Interior from the same party also defended Finnish participation and considered that participating in the Prüm Convention took Finland into the core of internal security in the EU: “Finland reacting so fast has brought us among the core and leading countries in internal security” (Interior Minister Kari Rajamäki (SDP), 8.11.2006).

As has already been mentioned, the Left Alliance and the Greens voted against Finland’s participation in the Prüm Convention, but this was rarely done with reference to DI. However, a Left MP did raise during the debate that joining the Prüm Convention may harm European communality:
“If one develops more models resembling the Prüm Convention, when one makes intergovernmental agreements, I claim that this contributes to whittling away at the European Union. It can be that on some issues certain countries can launch enhanced cooperation, if not everyone is willing, but it must not be the main rule. The main rule should be strengthening communality” (MP Outi Ojala (Left), 21.6.2006).

When looking at instances of enhanced cooperation, in turn, the pattern becomes very clear (Figure 5). On the one hand, instances of enhanced cooperation show very low salience. On the other hand, more than three quarters of the references are related to PESCO, a project for which Finnish politicians took partial credit and almost all parties fully supported. PESCO was established in December 2017, which was also the peak year for references to it (28 of 39 references).

PESCO was referred to in three consecutive sentences in the 2019 government programmes and was cited as “a key project for the defence dimension of the EU.” The programme declared that “Finland will contribute actively to the development of defence cooperation within the EU.” This was in line with the previous government’s position on PESCO and European defence cooperation.

Although launched only in 2017, PESCO had already been raised in Finnish parliamentary debates in 2012, when the approach was positive. However, the debate became more vivid in 2016, when the EU Council and European Council endorsed the launch of PESCO (Council of the European Union, 2016; European Council, 2017). In the debate on the White Paper on Defence Policy in March 2017, an MP from the Greens deemed it positive that Finland was involved in the European core: “I was also pleased to hear the Prime Minister tell how strongly Finland has committed to developing a common defence policy of the EU. It is important that we are strongly involved in all these cores” (MP Johanna Karimäki (Greens), 8.3.2017).

Figure 5  The salience of instances of enhanced cooperation in parliamentary debates

What was similar in the Prüm and PESCO cases is that joining both instances were opposed by the Left Alliance in the Finnish Parliament. The Green Party also objected to Finland joining the Prüm Convention but has been positive towards PESCO. The
incumbent government, which includes both parties, affirms a positive stance on PESCO in its government programme.

The parliamentary debate on PESCO was held on 22 November 2017 in conjunction with the Prime Minister’s announcement on current EU issues. The Prime Minister again outlined the Finnish position on DI, which he claimed had become the EU’s common line:

“We permit multi-speed development when certain preconditions are fulfilled. Finland is currently involved in all the models of multi-speed development. Decisions on participation are always made case-specifically, starting from the common interest of both Finland and the Union” (Prime Minister Juha Sipilä (Centre), 22.11.2017).

In the same parliamentary debate, the Prime Minister also stated that Finland had been among the first countries to announce its participation in PESCO, had contributed to the preparation with seven other countries, and had managed to pass the initiative on mentioning the mutual assistance clause in the PESCO notification. Indeed, PESCO was one of the instances of enhanced cooperation that Finland actively promoted together with France (France & Finland, 2016). One of the recitals of the PESCO notification reads as “Recalling the obligation under Article 42(7) TEU of mutual aid and assistance”, which links PESCO with the obligation to provide military aid, at least in the view of the leading Finnish politicians of the time. This was considered positive as Finland is not a NATO member, and PESCO appeared to provide the country with some sort of security guarantee. However, at least the European Parliament has considered PESCO to also enhance EU–NATO cooperation (European Parliament, 2018), which may undermine the pursuit for European autonomy in defence.

Defence is often considered one of the so-called “core state powers” (Genschel & Jachtenfuchs, 2018), and it is interesting that militarily non-allied Finland has pursued integration in this field. One reason may be the positive approach of Finnish citizens: more than 50 % of Finns have been found to support deeper defence cooperation within the EU (Härkönen, 2019). A much more heated debate on PESCO was held in the similarly militarily non-allied Sweden (see e.g. Heinikoski 2020), whilst Denmark decided not to join PESCO. It appears that the defence aspect of European integration is a more sensitive issue in the Nordic neighbours of Finland, whilst Finnish politicians whole-heartedly support deeper defence cooperation. The next section, in turn, discusses how enhanced cooperation in general appeared in the Finnish material.

Mechanisms of differentiation: opt-outs and enhanced cooperation

‘Enhanced cooperation’ or ‘opt-out’ were mentioned only 100 times in parliamentary debates during the period 2000 to 2019. The breakdown into these two DI mechanisms clearly shows that the vast majority of references dealt with enhanced cooperation; there were only 11 references to opt-outs in Finnish parliamentary debates. Again, we need to remember that there is no established translation in Finnish for opt-out, which is why the English term ‘opt-out’ was used in the search. Other formulations of the concept of opt-out in Finnish are too complex to yield any results in the search in parliamentary debates. Opt-outs were mainly mentioned with reference to the Irish
and British decisions to remain outside of certain EU policies. Enhanced cooperation was not much discussed either, but there were some references.\(^4\) In particular, there was a peak in the debate on enhanced cooperation in 2003 (see Figure 6). This was related to the Convention on the Future of Europe, which prepared the proposed EU Constitution that entailed enhanced cooperation within the field of defence.

**Figure 6**  *The salience of DI mechanisms in parliamentary debates*

![Graph showing the salience of DI mechanisms in parliamentary debates from 2000 to 2019.](image)

Regarding the EU policy fields for which some EU Member States have opt-outs, we can observe in Figure 7 that these policy fields have been fairly often discussed over the 16-year period. However, since Finland has not opted out from any policy field, the discussions regarding these instances did not relate to opt-outs (and even less so to the possibility of Finland opting out). Because only 11 references to opt-outs were made during the period, the opt-outs by the United Kingdom (UK) and Ireland were also rarely referred to.

**Figure 7**  *Salience of opt-out policy fields*

![Opt-out Breakdown for 2004-2020 (n=1452).](image)

\(^4\) While enhanced cooperation is a specific term in EU jargon, the Finnish and Swedish translations “tiiviimpi yhteistyö/fördjupat samarbete” are used in many other contexts and do not always refer to enhanced cooperation in the EU, but instead to closer cooperation between any actors. Therefore, it was necessary to make sure that the references were made to the EU context.
Opt-outs and enhanced cooperation were also rarely discussed in government documents. In the first speech by the PM in the European Parliament during the Finnish Council presidency in 2006, there was one reference to opt-outs. The 2006 presidency speech in the Finnish Parliament, in turn, outlined that enhanced cooperation between certain groups of countries may be possible and necessary, but emphasised that the Union should remain as united as possible and that the Member States should be equal.

In terms of mechanisms of differentiation, the 2013 government report on EU policy was perhaps the most interesting one, as it included a separate 2-page section entitled “United Union,” which dealt with DI. It described three forms of DI with examples: 1) sector-specific cooperation with a smaller group of Member States (euro and Schengen), 2) opt-out models (Justice and Home Affairs) and 3) enhanced cooperation and Permanent Structured Cooperation (Matrimony, the Patent and the Financial Transaction Tax). However, the approach to DI seems to have been consistent: unity is preferred, but DI arrangements open to all Member States may be used if necessary.

Figures 8 and 9 show that enhanced cooperation was considered more positively by the government, which also referred to opt-outs in a neutral or positive manner. Some opposition politicians considered opt-outs negative in advancing legislative processes. Both mechanisms aroused little debate during the periods analysed. In 2006–2008, enhanced cooperation was discussed with regard to the Prüm Convention, and since 2017 there has been some debate on PESCO and the Future of Europe.

**Figure 8  Position on enhanced co-operation**

<table>
<thead>
<tr>
<th>(n = 13)</th>
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<th>Neutral</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government (n=8)</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Opposition (n = 5)</td>
<td>4</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2006-2008</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2012-2014</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>2017-2020</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

**Figure 9  Position on "opt-outs"**

<table>
<thead>
<tr>
<th>(n = 6)</th>
<th>Negative</th>
<th>Neutral</th>
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<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Opposition (n = 3)</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2006-2008</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>2012-2014</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>2017-2020</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Finland held the Council presidency during the second half of 2006, and Prime Minister Matti Vanhanen (Centre) sometimes made principled statements on DI. For example, in the debate on 21 June 2006 on the upcoming Council presidency, Vanhanen defined the line that characterised the Finnish approach to DI throughout the period: DI is possible, but all Member States must remain equal. There was also some debate over an interview with former Commission President Jacques Delors in the Finnish Journal of Foreign Affairs (Ulkopolitiikka), which the Finnish Prime Minister and many MPs referred to. Delors had stated that the enlarged Union should differentiate more, but the Finnish Prime Minister thought that all Member States
were interested in all fields, “and that is how it should be.” PM Vanhanen recalled that all Member States had joined the Rapid Reaction Force (EU Battlegroups), but in fact Malta and Denmark remained outside. We can observe that the Prime Minister had a slightly negative approach to enhanced cooperation as he wanted all Member States to be involved:

“Enhanced cooperation among certain groups of countries is of course possible, and it may sometimes even be necessary. [...] Perhaps the core message in the article on former Commission President Delors related to the assessment that the Union should differentiate in the future. With this enhanced cooperation, it is possible, but I have not heard a single proposal on the fields where this could take place, and I have not heard that there could be fields in which not everyone was interested” (Prime Minister Matti Vanhanen (Centre), 21.6.2006).

On 10 April 2008, Prime Minister Vanhanen presented the government proposal on the ratification of the Lisbon Treaty. He did not take a stance on DI, but simply mentioned that the Treaty included provisions on enhanced cooperation: “Compared to the Constitutional Treaty, the Lisbon Treaty includes strengthened provisions on the emergency brake concerning Justice and Home Affairs and on enhanced cooperation, but these specifications do not change the basic solutions” (Prime Minister Matti Vanhanen (Centre), 10.4.2008).

Opt-outs were not discussed much in the documents, but two exceptions included the effect of the opt-outs on the Lisbon Treaty as well as the Working Time Directive. A question by MP Krista Kiuru was presented to Migration and Europe Minister Thors on the Irish and British opt-outs in the Lisbon Treaty. MP Kiuru did not take a stance on DI but wanted to know what the effects of the Lisbon Treaty were, including Ireland’s and the UK’s opt-outs (MP Krista Kiuru (SDP), 19.4.2008).

Migration and Europe Minister Astrid Thors answered the MP’s question on Ireland and the UK’s opt-outs, emphasising that they did not jeopardise what was agreed in common: “You [MP Kiuru] also presented a very difficult question on the impact of Ireland and the UK's opt-outs. They can have an impact in the sense that they postpone the time when these issues that are part of Justice and Home Affairs come under the supervision of the Courts of Justice of the European Communities” (Migration and Europe Minister Astrid Thors (SFP), 10.4.2008).

Interestingly, there was also one event in which a member of a government party proposed that Finland should have an opt-out related to the implementation of the Working Time Directive. An MP from the Blue Reform party regarded it as essential for healthcare in a debate on 3 October 2018 on the government proposal for the Working Time Act:

“In order to be able to ensure certain special health care services in the future, Finland should also permit the use of a so-called limited opt-out. It means that one could deviate from the maximum working times in the Working Time Directive with an agreement between the employer and employee with the preconditions mentioned in the directive” (MP Lea Mäkipää (Blue Reform), 3.10.2018).
Another case in which opt-outs were discussed with regard to the Working Time Directive was in March 2019, this time from a negative perspective from the opposition’s side, claiming opt-outs make it difficult to pass legislation:

“I must say that while it was in the European Parliament this Working Time Directive was in a sort of permanent stalemate. This means that one stated in different ways that it did not move forward because Member States had so many so-called opt-outs which related to this Working Time Directive. For example, the UK systematically opted out from the entire Union, but already at the time it stated on these working time provisions that they do not apply to it” (MP Sari Essayah (Christian Democrats), 7.3.2019).

As we have seen, DI is not much discussed in Finland, but there are some interesting references to polity differentiation, policy differentiation and mechanism of differentiation. Summary of results, potential explanatory factors and future research is discussed in the final section below.

**Discussion and conclusion**

Overall, DI was not a very salient topic in Finland, but all the governments usually at some point brought up the Finnish stance of supporting uniform integration, where DI may be used if necessary and if it is open to all the Member States. It was usually the Prime Minister who discussed DI on the government’s side, and the opposition included certain active politicians who wanted to express their stance on a specific DI instance. Opposition politicians generally called for a clear Finnish stance on the future of Europe and DI. At the same time, they expressed certain doubts about whether Finland was in the core of Europe and able to influence the development of the EU. There were fears that if DI became more common it would mean that large Member States would have even more power, whereas Finland could lose influence in these fields. Furthermore, opposition politicians called for open debates about the future of the EU. The Finns Party warned of a more federalist EU and the Christian Democrats were concerned about Finland’s dwindling powers in the EU. At the other end of the spectrum, the Social Democrats and the Greens pursued more active EU debates and advocated more active participation.

DI debates usually dealt with specific DI instances, and the only more principled debate on DI was held on 31 May 2017, following the Prime Minister’s announcement on EU policy reflecting the Commission’s White Paper on the Future of Europe published that spring. It seems that the Finnish approach was very pragmatic and reflects the overall EU policy of Finland, which has traditionally not been very politicised. We could observe some attempts at politicisation of certain DI instances from opposition parties such as the Finns and Christian Democrats, but generally DI as such did not arouse much debate. This pragmatic and positive approach towards DI is also visible in the Finnish policy: Finland has joined most instances even more eagerly than its Nordic neighbours. These are of course tendencies that mutually strengthen each other: non-politicisation allows Finland to join enhanced cooperation and being involved in DI reinforces the positive and pragmatic approach. Both examples of DI discussed in this article, namely the Prüm Convention and PESCO, relate to the field of security, which probably explains the more eager approach of Finland compared to Denmark and Sweden: a non-NATO country with a history of war with its Eastern neighbour obviously plays a role.
While the domestic factors potentially explain the lack of salience of DI, the peak years can be explained by European politics, as DI was discussed mostly when specific DI instances, such as the Prüm Convention or PESCO, were being prepared. Furthermore, the Commission’s “White paper on the future of Europe: Five scenarios” spurred some debate also in the Finnish Parliament.

The non-politicisation may also explain the positive Finnish position towards DI, since it is not approached from an identity-related perspective, but DI is considered functional whenever not all parties want to join certain instances. The issue is mostly looked at from the Finnish perspective, as Finland is considered to gain by participating in “all cores”. Even though some parties opposed certain instances of DI, there seems to exist a reasonable consensus that Finland should attempt to be in the core of Europe rather than being marginalised. Finland is a fairly recent Member State located on the Northern periphery, and EU membership is considered vital for the country’s economic and security interests, which also makes the country more positive towards the Prüm Convention and PESCO.

In the future, it will be interesting to analyse whether DI becomes more politicised, as other EU debates have done in Finland. It would also be fruitful to compare the differences in the approaches of Nordic EU countries, namely Denmark, which joined the Union in 1973, and Finland and Sweden, which both joined the EU in 1995. All three countries have adopted different policies towards DI; Denmark has opt-out/opt-in options, e.g. in Justice and Home Affairs, Sweden has been more reserved towards joining DI instances and Finland has joined almost all instances. As illustrated in this article, one relevant aspect may be the level of politicisation of EU affairs.

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Differentiated integration in Portugal: saliency and government positions¹

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Abstract
This article analyses the salience of and governmental positions on differentiated integration (DI) in Portugal in the 2004-2020 period. Employing quantitative and qualitative analyses, it first examines the salience and position of the successive Portuguese governments towards DI using documents such as government programmes, Prime-Ministerial speeches, parliamentary debates, and statements by the Prime Minister in European Council meetings. The results from the salience analysis demonstrate a low saliency of DI. Saliency was enhanced by an increasing intersection between domestic and European politics during the euro crisis period, politicising the debate especially around DI instances of an economic nature. The position of Portuguese governments regarding DI during the period analysed was overwhelmingly negative. A wide consensus stood out among Portuguese political parties that DI models clearly go against both the European – by risking a disaggregation of the EU – and the national interest – by possibly pushing Portugal into an even more peripheral position.

Keywords: differentiated integration; Portugal; government

Introduction

Despite the increasing recent research on differentiated integration (Holzinger and Schimmelfennig 2012; Schimmelfennig and Winzen 2020), extant studies have not yet shed light on how the governments of the different EU Member States think about differentiated integration. This article aims to make a contribution in that direction by providing a general outlook on the Portuguese government’s views on multiple dimensions of differentiated integration in the period ranging from 2004 to 2020. It investigates how salient differentiated integration is in Portugal, and what positions Portuguese governments took on differentiated integration.

While European integration has typically been little politicised in Portugal (e.g. Freire and Santana-Pereira, 2015; Jalali and Silva, 2011), the timeframe of analysis, covering several important milestones in the process of European integration, may have constituted an opportunity for further politicisation of the topic. Moreover, the euro crisis may have created a favourable context for parties to politicise DI (Kriesi and

¹ The research leading to this report was conducted within the InDivEU project. The project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No. 822304. The funders had no role in the study design, data collection or analysis.
Grande 2016). Although media content analyses of this period show little salience of EU integration issues in Portugal (Silva and Mendes 2019), studies present some evidence of politicisation in the 2011 election (Hutter and Kriesi 2019).

To help frame the Portuguese political context during this period, Table 1 presents some contextual information on the prime ministers and the political parties in government in different periods of the analytical timeframe.

### Table 1: List of Portuguese governments and prime ministers, 2004-2020

<table>
<thead>
<tr>
<th>Prime Minister’s name</th>
<th>Political party</th>
<th>Government(s)</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>José Manuel Durão Barroso</td>
<td>Social Democratic Party <em>(Partido Social Democrata)</em></td>
<td>XV (coalition with CDS-PP)</td>
<td>06.04.2002-17.07.2004</td>
</tr>
<tr>
<td>Pedro Santana Lopes</td>
<td>Social Democratic Party <em>(Partido Social Democrata)</em></td>
<td>XVI (coalition with CDS-PP)</td>
<td>17.07.2004-12.03.2005</td>
</tr>
<tr>
<td>José Sócrates</td>
<td>Socialist Party <em>(Partido Socialista)</em></td>
<td>XVII; XVIII</td>
<td>12.03.2005-21.06.2011</td>
</tr>
<tr>
<td>Pedro Passos Coelho</td>
<td>Social Democratic Party <em>(Partido Social Democrata)</em></td>
<td>XIX (coalition with CDS-PP); XX (pre-electoral coalition with CDS-PP)*2</td>
<td>21.07.2011-26.11.2015</td>
</tr>
<tr>
<td>António Costa</td>
<td>Socialist Party <em>(Partido Socialista)</em></td>
<td>XXI (parliamentary agreement with PCP, PEV, and BE)*2; XXII</td>
<td>26.11.2015-present</td>
</tr>
</tbody>
</table>

### Theory and methods

The theoretical framework laid out in the introduction to the present special issue conceptualises differentiated integration in terms of *policy* (referring to different degrees of participation in EU policies stemming from divergent MS integration preferences/capacities), *polity* (an outcome of policy differentiation and a product of MS preferences regarding the nature of the European Union as a polity), and *mechanisms* (the means to achieve MS demands for more/less integration). These three dimensions guide the present analysis of the Portuguese case.

For that purpose, this article examines the salience and position of differentiated integration (DI) in Portugal in the period 2004-2020. Employing a quantitative and a qualitative analysis, it first examines the salience of DI models and mechanisms for the successive Portuguese governments using documents such as government programmes, Prime-Ministerial speeches, parliamentary debates, and statements by

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* The XX government was formed and presented a government programme, but this programme was rejected in parliament leading to the fall of the government and the subsequent constitution of the XXI government.
* Portuguese Communist Party (Partido Comunista Português), Ecologist Party – The Greens (Partido Ecologista – Os Verdes); Left Bloc (Bloco de Esquerda).
the Prime Minister in European Council meetings (Telle et al. 2021). Secondly, it reviews governments’ general positions on DI, while zooming in on four peaks of salience: the Lisbon Treaty, the debate on the Unitary Patent, the financial crisis and the discussions on the Financial Transaction Tax and the Fiscal Compact, and the White Paper on the Future of Europe.

The salience of policy DI, polity DI, and DI mechanism was assessed by counting key words in the above-mentioned documents (Appendix 2). To determine government positions, references to DI key words in parliamentary debates were manually coded as negative, neutral or positive. The following sections show the results of this analysis in terms of polity DI, policy DI, and DI mechanisms.

**Polity differentiation**

**Salience**

To determine how much polity differentiation is discussed by the Portuguese government (and opposition parties), the analytical focus was placed on a manual count of key DI words in these documents. A word count analysis of eight Portuguese government programmes (XV to XXII Constitutional Government) covering the period from 2002 to 2019 using computer-assisted software revealed no references to key words relative to polity DI. To complement the quantitative word count analysis, a qualitative analysis of the government programmes was carried out. This examination revealed almost constant yet very tenuously salient references to DI in government programmes. Such references occurred in passages within broader sections on foreign policy instead of specific sections devoted to the role of Portugal in the EU. While very rarely directly mentioning specific models, instruments or instances of DI, the majority of these government programmes highlighted the importance of deepening European integration and the challenges that may arise in this process. Among the first four government programmes analysed (2002-2009), these issues tended to be mentioned under the umbrella topic of the Constitutional/Lisbon Treaty.

A subsequent set of analyses of multiple types of prime ministerial speeches confirmed these previous indications. The first speeches by the new prime ministers following each election were analysed to measure the extent to which DI emerged as a salient domestic political issue. The word count analysis revealed no use of DI key words and very limited references to EU-related issues. An analysis of the Prime Minister’s speech in the national and European Parliaments on taking the presidency of the Council of the European Union again did not show use of key DI words. EU-related issues were, nonetheless, mentioned with some regularity. Furthermore, the presence of DI key words in the subsequent national and European parliament debates was analysed. Again, the results showed virtually no use of DI key words in the parliamentary debates, be they in the national or European arena (a single mention of ‘two-speed Europe’ in the EP debate was found).

In light of these findings, the governments’ positions were predominantly analysed based on a manual attitude analysis of parliamentary debates between 2004-2020. Figure 2 plots the frequency of key words related to DI models made in the Portuguese Parliament over the 16-year period of the analysis. As can be seen, the overall frequency

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3 The end date was set at 01-03-2020.
of these conceptual key words was low in Portuguese parliamentary debates (N=363). The years of 2011 and 2012 come out as the peak-salience years, overlapping with the euro crisis period (2010-2012). Also, in 2017, in the context of the debates on the Future of Europe, there is a noticeable peak in reference to these key words.

**Figure 1** Breakdown of references to DI models in parliamentary debates, 2004-2020

Out of the four key words identified, there is significant variation with respect to their frequency of use: ‘core Europe,’ measured using the key word ‘directorate’, constitutes the great majority of the references to DI key words (84%), while the other key words have a residual weight in parliamentary debates. Moreover, there is a strong concentration around key words referring to different end points, as only 9% of the references concern multiple speeds. However, this imbalance seems to attenuate over time, as in 2017 ‘directorate’ accounts for less than two thirds of all the key words, with a visible growth in references to key words associated with different speeds.

**Position**

The government’s position on DI models is unequivocally negative (Tables 2 and 3). Remarkably, in the 134 references analysed, polity differentiation keywords were never referred to in a positive manner, either by the government or the opposition. Consequently, there were no significant differences between these two types of actors in this regard. However, opposition parties appear to have referred much more frequently to multi-speed Europe, with a strong concentration in the period 2017-2020 which can be attributed to the informal meeting held at Versailles in March 2017 between the leaders of France, Germany, Italy, and Spain pushing for a multi-speed Europe, and to the parliamentary debate held on the occasion of the celebration of the 60-year anniversary of the Treaty of Rome.

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4 The qualitative analysis showed that parliamentarians often used the term ‘directorate’ to refer to a core group of powerful Member States.
The disparity between government and opposition parties is even clearer regarding the key words pertaining to multi-end Europe. The opposition was about seven times more likely to use these key words than the government in the period analysed. Among key words relating to multi-end Europe, it is also worth noting that ‘core Europe’ (directorate) appears much more frequently than variable geometry. The key word ‘directorate’ is used in the Portuguese political context with an inherently pejorative tone, as it conveys the notion that a given group of powerful countries hold disproportionate decision-making power over the EU, often forcing their will on smaller countries such as Portugal, at the cost of their national interests. Therefore, attention should be drawn less to the fact that the references are, unsurprisingly, mostly negative, than to perhaps the most noteworthy aspect – the imbalance between the opposition and government parties in the frequency of use of this key word. The reasons for this discrepancy stand out in the qualitative analysis below.

**Table 2**  
*Position on multi-speed Europe (two-speed + multi-speed)*

<table>
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<th>Neutral</th>
<th>Positive</th>
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<tbody>
<tr>
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<td>1</td>
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</tr>
<tr>
<td>Opposition</td>
<td>20</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

**Table 3**  
*Position on multi-end Europe (variable geometry + core Europe/directorate)*

<table>
<thead>
<tr>
<th></th>
<th>Negative</th>
<th>Neutral</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
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<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Opposition</td>
<td>82</td>
<td>12</td>
<td>0</td>
</tr>
</tbody>
</table>

There is a single direct reference to multiple speed key words by the Portuguese Prime Minister in the context of the parliamentary debate and vote approving the Lisbon Treaty in the Portuguese parliament. The Treaty was approved in parliament with a consensus among the mainstream parties that it represented the only way forward in terms of European integration and was a necessary tool to avoid undesirable models of differentiated integration, as was exemplified in the Prime Minister’s address:

“The Lisbon Treaty was concluded and ratified during the Portuguese Presidency. This was one of the main goals of our presidency and it was fully achieved. We should be proud of it. Just think of what we would be debating here today should there be no Treaty. We would certainly be debating topics such as the European crisis, the European standoff or multi-speed Europe. The truth is that we are here today approving the new Lisbon Treaty and not a European crisis.” (Prime Minister José Socrates (Partido Socialista), Parliament, 24.04.2008).

In an intervention during the debate on the white paper on the Future of Europe, it becomes clear that the Portuguese government considered that the EU had not been moving at a single speed and towards the same end point – regrettably – but that the Future of Europe and the advancement of the process of European integration should not be slowed down by countries that were reluctant to move forward. In those instances, DI may be a useful instrument to solve political deadlocks, problematic as it may be.
“The EU’s problem is not of speed but of direction. We have lived with different speeds for a long time, that of the countries belonging to the eurozone and that of the countries belonging to Schengen, to name the most significant ones. Regarding the scenarios proposed by the President of the European Commission, it should be clear that no Member State will be excluded from an enhanced co-operation if it is in the condition to join and that is its political will” (MP Edite Estrela (Partido Socialista), Parliament, 29.03.2017).

Although government references to multi-end models are more frequent, they too are relatively scarce in this period. In the few instances in which the key word ‘directorate’ was used by the government, it was either to assert the inexistence of a directorate or to ensure such a directorate never materialised. The following quotation from a debate on Reports on the Participation of Portugal in the Process of European Construction is exemplary:

“But I must be quite frank in answering a question posed in this debate by saying that Portugal will never accept that the European Union becomes governed by a directorate. We have always said it and we will continue to say so: we shall not allow it. The Union is a creation of all, and shall be governed by all to the satisfaction of goals shared by all. We will only work on these grounds, nothing else” (Deputy Secretary of State for European Affairs Manuel Lobo Antunes (Partido Socialista), parliament, 25.05.2007).

The salience of this key word increased with the debates on the Lisbon Treaty, given concerns that the Treaty could accentuate regional differences and the peripheral character of Portugal. However, the government refrained from using it often, as compared to the opposition. Nevertheless, answering the opposition’s concerns, the Prime Minister argued that the Treaty was the appropriate instrument to avoid such a directorate:

“When with a stronger and more agile institutional architecture can Europe fulfil its responsibilities to European citizens, the European economy, and also the rest of the world. Unlike what some say, this is the way to fight the logic of a small directorate of major countries over the remaining ones” (Prime Minister José Sócrates (Partido Socialista), Parliament, 24.04.2008).

The Socialist Prime Minister António Costa’s intervention during the parliamentary debate on the white paper on the Future of Europe effectively summarised the longstanding consensus among the mainstream parties about the Portuguese position on European integration, and DI in particular: advocating for further European integration at one speed and towards a common end point, Portuguese governments tended to be resistant to DI until they envisioned no other way of advancing with the integration process, at which point they embraced it as inevitable. When it came to choosing between halting integration but remaining united as one, or moving forward through DI with those on board, Portuguese governments tended to stand for the latter. In this sense, variable geometry, understood mainly as deriving from more enhanced cooperation under the third scenario, was perceived as a lesser evil compared to more regressive scenarios emanating from the white paper.

“I would like to be clear, repeating what I have said previously: variable geometry may be a lesser evil, but it is always a risk. And it is a lesser evil because it has a potentially dissolving effect, which is all the more dissolving the
This ambiguous stance on variable geometry was reinforced in statements by MPs from the Socialist Party on multiple occasions, also mentioning other key DI words:

“It is not impossible to have variable geometries with whoever wants to go further in certain areas, as already happens with the euro, Schengen, security and defence policy or, in the future, with the European Public Prosecutor. However, as the Prime Minister highlighted, these variable geometries cannot be the rule and cannot obey a simple logic of a directorate or exclusion of Member States just because they are medium of small-sized, or peripheral, or have certain problems” (MP Vitalino Canas (Partido Socialista), parliament, 08.03.2017).

Contrary to the government’s predominantly neutral references to multi-speed and multi-end Europe, the opposition tended to express much more frequent and more negative views in the debates on the Future of Europe. This also applied to the Social Democratic Party, which tended to be very much aligned with the Socialist Party on European affairs:

“I still remember the time when the greatest threat to the future of the EU was said to be the creation of a directorate, an informal directorate. As the Prime Minister mentioned, the white paper, and mostly the meeting that took place this week between the heads of state and heads of government – Italians, French, German and Spanish, from our standpoint, from Portugal, suggests that what happened in Versailles, if it is not the creation of a directorate it is certainly something very similar. And, ironically, as the Prime Minister is so busy meeting with the countries from the south, behold, the three greatest countries from the south ran to join Germany to form this directorate. And what did this directorate say this week? It said that Europe needs to move at different speeds. It is very important to understand what this means. I admit that such indefiniteness has even affected the government. Even yesterday, the Minister of Finances said that Portugal rejected the idea of a multi-speed Europe, and not minutes later, the Prime Minister made a contrary statement, saying that Portugal, after all, did not fear a multi-speed Europe and even wanted to join the forefront of such a project. This indefiniteness must be put to an end, for a simple reason: a two-speed Europe, or a multi-speed Europe, already exists. It exists among the EMU countries and those that did not join; among those belonging to the Schengen area and those which do not; among those that have opt-outs and those which do not. Therefore, we need to know what new aspects this carries. Is it an appeal to an intensification of the enhanced co-operation mechanism? Well, there are initiatives in the context
of enhanced co-operation such as, for example, the Financial Transaction Tax, which has already been under way for a few years and, apparently, came to a halt. Should we assume that this multi-speed Europe happens within the eurozone? That would not only be an undesirable development but also a dangerous one, because it would lead to fragmentation and not greater unity in Europe. In fact, that would be the true Europe à la carte, and that has been the headline used by some of the press, especially French, in the aftermath of this summit” (MP Miguel Morgado (Partido Social Democrata), parliament, 08.03.2017).

**Policy differentiation**

**Salience**

In general terms, policy differentiation is the most discussed dimension by both the Portuguese government and the opposition parties, although very rarely mentioned in government programmes (twelve mentions of a total of three internal DI key phrases: Schengen; Economic and Monetary Union; area of freedom, security and justice; and three mentions of a total of two external DI key words: European Stability Mechanism and European Economic Area). An important element of policy differentiation are inter se agreements – international agreements allowing Member States to circumvent the institutional constraints of the community method. In the analysis were included the Prüm convention, the European Stability Mechanism, the Fiscal Compact, the Single Resolution Mechanism, and the Unified Patent Court. A longitudinal analysis of the aggregated key words in parliamentary debates suggests that they became salient in Portuguese parliamentary debates in 2012 and remained highly salient until 2016 (Figure 2).

**Figure 2**  Breakdown of inter se agreements into DI instances 2004-2020

The signing of the Fiscal Compact in 2012, the entry into force of the Single Resolution Mechanism and the establishment of the European Stability Mechanism, together with the subsequent debates in the Portuguese Parliament, are largely in line with the salience peaks. This time trend is also contemporary with the most severe period of the economic crisis in Portugal and the implementation of the Economic Adjustment
Programme. Therefore, the impact of the euro crisis seems to go hand in hand with the salience and politicisation of inter se agreements. This becomes all the more evident when looking at the most frequently used key words: nearly two-thirds of all the references relate to the Fiscal Compact (62%), and a fifth to the European Stability Mechanism (21%). Together with the Single Resolution Mechanism (9%), these inter-Member State economic agreements amount to over 90% of all the references. It can therefore be concluded that the salience and politicisation of inter se agreements – and more generally policy differentiation – were tightly related to the euro crisis and its consequences in public debate in Portugal.

As for instances of enhanced cooperation, the analysis considered PESCO, Rome III, Unitary Patent, Matrimonial Property Regimes, Financial Transaction Tax, and the European Public Prosecutor. Figure 3 depicts references to these instances in a longitudinal fashion. A clear peak is notable in 2017-2018, dominated by debates on PESCO. The Unitary Patent was also particularly salient in 2011, as the Financial Transaction Tax in 2012. These indications were confirmed once we broke down the data by the different DI instances: about 65% of the references concentrated on PESCO and 20% on the Financial Transaction Tax, which was particularly discussed domestically during the economic crisis period.

Figure 3  Breakdown of DI instances of enhanced cooperation, 2004-2020

![Chart of DI instances of enhanced cooperation, 2004-2020](chart.png)

**Position**

The euro crisis hit the Portuguese economy severely, leading to the 2011 bailout request. In 2012, in the midst of the Economic Adjustment Programme there was a lively debate focused mostly on the economic dimensions of European integration. Unsurprisingly, the references to DI key words related to the Financial Transaction Tax and, to a greater extent, the dimensions of the Fiscal Compact were prevalent.

The Prime Minister made one direct reference to the Financial Transaction Tax as mechanism of enhanced cooperation during a parliamentary debate in 2012.
“Yes, Mr. MP, from the start the Financial Transaction Tax deserved approval by the Portuguese government – and that was explicit in a letter signed by the Minister of State and Finances himself. Portugal has been favourable to the introduction of such a ‘Tobin tax’ in the European area, considering that the eurozone is the unequivocal area to implement such a tax. However, as you know, several Member States have expressed a desire to proceed in this matter. That is the case of France, which has already introduced the second amendment to the mechanism which was adopted in August of this year; of Spain, which has already expressed its intentions; and of Portugal, which expressed interest in the same direction and which, as a matter of fact, has joined this enhanced co-operation mechanism, at least within the eurozone, but also with other countries which, although they do not belong to the eurozone, want to be part of this enhanced co-operation effort, to implement this tax on financial transactions which, somehow, implies the possibility of the whole eurozone maximising its contribution against the challenges to funding and growth in Europe” (Prime Minister Pedro Passos Coelho (Partido Social Democrata), parliament, 13.10.2012).

However, the core of debates on DI during this period concerned the Fiscal Compact. The centre-right coalition government formed by the Social Democratic Party and its junior coalition partner, the CDS – People’s Party, was a strong advocate of the Fiscal Compact. This government was responsible for the implementation of the bulk of the Economic Adjustment Programme’s austerity measures and perceived the Fiscal Compact as an important mechanism not only to further European integration but also to avoid in the future the economic pitfalls that led to the Portuguese bailout and the euro crisis in general. Hence, there was a clear intersection between European and domestic agendas on this topic.

“The Treaty on Stability, Coordination and Governance introduces, on the one hand, the implementation of more effective mechanisms to guarantee the fulfilment of the goals so often exalted by Portugal and its partners and, on the other hand, the transposition into the internal legislation of each Member State of the obligation to uphold a balanced budget. (...) The solution adopted in this treaty is therefore more coherent with our understanding of an autonomous political community, able and responsible for defining its own objectives and defending them in its choices. (...) In this sense, the treaty makes an important contribution to enhance the democratic character of our societies and the great European society. This treaty, in the end, represents our refusal to repeat the mistakes of the past. And I am not referring only to the mistakes made by several European countries in the last two decades. I am referring also to the mistakes which we allowed being committed in Portugal in our democratic history. We must not forget that in less than 35 years we have had to ask for external financial support three times. In this sense, the treaty is even more pertinent for the protection of countries such as Portugal than for other European partners which are, perhaps, more mature and with more longstanding reputations of financial responsibility” (Prime Minister Pedro Passos Coelho (Partido Social Democrata), parliament, 13.04.2012).

Although the Socialist Party, in opposition, voted in favour of the Fiscal Compact, the party presented a motion recommending that the government should propose and support political and institutional measures legally binding the Member States to an
agenda of growth and employment creation, considering that Portugal was “too hasty in ratifying the Fiscal Compact” and that the government “should have fought for an additional title which would be fundamental to enable European growth and unemployment policies.” On the occasion of this debate, the Socialists’ parliamentary group leader made several critical references to DI but actively distinguished between enhanced co-operation and a two-speed Europe:

“The Lisbon Treaty comprises an inter-governmental vision of the EU. This inter-governmental perspective derives from the assumption that countries, when they are allowed to work in an intergovernment solution, would structure in enhanced co-operation. And, as happened with the euro and Schengen, would take other interesting measures of variable geometry, not a two-speed Europe but a variable geometry Europe. What have we realised? We have realised that a variable geometry Europe has rapidly transformed into a two-speed Europe, with a Franco-German directorate and a set of other countries which, de facto, do not participate in European decision-making (...). But at the same time, we are in favour of transferring competences, not to the directorate but to the European Commission” (MP Carlos Zorrinho (Partido Socialista), parliament, 24.05.2012).

Regarding PESCO, most references to it were made by the opposition parties. Still, the Prime Minister addressed this policy differentiation mechanism in a parliamentary debate preceding the European Council meeting of September 2017, presenting it as yet another necessary step in deepening the European integration process:

“Regarding security and defence, it is fundamental to guarantee the deepening of European collaboration in the security and defence areas as yet another factor of cohesion in the Union, able to strengthen its ability to provide a combined, structured response to the multiple external challenges facing the Union. (...). This Permanent Structured Cooperation, which we are analysing, should constitute a challenge of deepening the European project, but should also, as we have been arguing, rely on solid grounds and solid grounds only exist by completing and consolidating the Economic and Monetary Union (EMU), the greatest challenge ever fulfilled by the European Union and whose conclusion we must ensure” (Prime Minister António Costa (Partido Socialista), parliament, 13.09.2017).

**Mechanisms of differentiation**

**Salience**

Regarding mechanisms of differentiated integration, the analysis focused specifically on the concepts of ‘enhanced co-operation’ and ‘opt-out.’ No references to mechanisms of differentiation were found in government programmes during the period of analysis. Figure 3 displays the distribution of mentions of the two concepts in parliamentary debates over time, counting 238 references over the period of

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5 There is not a specific term to designate the possibility to ‘opt-out’ in Portuguese. Instead, this is usually referred to using a number of possible composite expressions which widely depend on the context and so cannot be captured with a key word search. The original English terminology is also seldomly used. With the lack of a better alternative, this was the key word adopted.
analysis. There are substantial differences across the timeframe, with a clearly defined peak in 2011.

Breaking down the word count into the two DI mechanisms analysed, it becomes evident that debates on DI mechanisms focused substantially more on ways to advance integration rather than to halt it – an expected finding given Portugal’s historical stance as a champion of European integration. 86 percent of the references to DI mechanisms concern discussions on enhanced co-operation. Furthermore, the 2011 peak corresponds exclusively to references to enhanced co-operation. This year coincides with the discussions on the Unitary Patent, which brought the topic of enhanced cooperation to parliamentary debates quite frequently, as confirmed by a qualitative content analysis. The 2017 peak, situated in the context of the Future of Europe debates, reflects the same distribution as the wider 16-year-long sample.

**Figure 4**  
*The salience of DI mechanisms in parliamentary debates*

![Graph showing the salience of DI mechanisms in parliamentary debates]

**Position**

Despite the relatively high salience of mechanisms of differentiation in parliamentary debates, both concepts were significantly more frequently mentioned by the opposition than by the government. Enhanced co-operation was generally discussed in positive terms, particularly by the government, with a relatively homogenous distribution but still a noticeable peak in 2012, mostly explained by the previously analysed discussion on the Fiscal Compact involving multiple parties. Among the opposition parties, there is more ambiguity. There is a marked peak of negative references in 2011 related to the perceived undue use of enhanced co-operation over the Unitary Patent. However, as will become evident from the qualitative analysis, these negative references had to do with procedural aspects and very specific issues, and not with the nature of the instrument of enhanced co-operation itself. The remaining references by opposition parties can be divided into positive and neutral ones, the latter being concentrated between 2017-2020. Opt-outs are virtually not discussed in parliamentary debates during the period analysed, with a single neutral reference in more recent years (Table 5).
Table 4  
*Position on enhanced co-operation*

<table>
<thead>
<tr>
<th>(n = 25)</th>
<th>Negative</th>
<th>Neutral</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government (n = 7)</td>
<td>0</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Opposition (n = 18)</td>
<td>14</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
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Table 5  
*Position on opt-outs*

<table>
<thead>
<tr>
<th>(n = 1)</th>
<th>Negative</th>
<th>Neutral</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government (n = 0)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Opposition (n = 1)</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

While policy DI was generally perceived negatively by both the government and the opposition, DI mechanisms seem to be more positively considered by both types of political actors. However, references to opt-outs were nearly inexistent and most discussion was on the enhanced co-operation mechanism. The debate on the Unitary Patent made clear how mainstream parties, be they in government or the opposition, perceive enhanced co-operation positively, yet as a mechanism to be used only in exceptional cases:

“To conclude, Mr. President, I would like to say the following: this Parliament and the Socialist Party’s parliamentary group are not insensitive to the strategic importance of the language or to the indispensability of enhanced co-operation processes being conducted in accordance with the procedures foreseen by the Treaty, but the report emanated by the European Affairs Committee summarising the arguments in other committees’ reports, safeguards the exceptionality of the procedure and the importance of guaranteeing in other domains equal dignity of all the languages.” (MP Maria de Belém Roseira (Partido Socialista), parliament, 04.03.2020).

**Discussion and conclusion**

The results demonstrate a low saliency of differentiated integration (DI) and, more generally, European integration in Portugal between 2004 and 2020. DI models were more salient than DI mechanisms, but this is mostly due to the high number of references to the ‘directorate’ by the opposition parties. DI instances are the most salient. Of the several documents analysed, DI was most salient in parliamentary debates (although only in key moments) and pre-European Council addresses by prime ministers. DI was rarely mentioned in government programmes. Peaks in salience can be linked to key milestones in wider debates on European integration, such as the Lisbon Treaty, the Unitary Patent, the Fiscal Compact and especially the white paper on the Future of Europe. Salience was also enhanced by an increasing intersection between domestic and European politics during the euro crisis period, politicising the debate especially around DI instances of an economic nature.

The position of Portuguese governments regarding DI during the period analysed was overwhelmingly negative. In general, this stance was also shared by the opposition parties, despite them having strong disagreements on European integration: for pro-EU parties, DI was mostly perceived as a threat to the unity and cohesion of the
European Union; for Eurosceptics, it was identified as a source of imbalances across the Member States and one of the most important drivers of inequalities within the EU, with strong negative consequences for Portugal’s national interest.

There is a wide consensus among Portuguese political parties that DI models clearly go against both the European – by risking a disaggregation of the EU – and the national interest – by possibly pushing Portugal into an even more peripheral position. Actors were extremely critical of models entailing different speeds and different end points, although they were generally neutral when referring to variable geometry. Underlying the governments’ positions on DI was a more or less explicit concern that Portugal could be left behind or even excluded from the core in a DI scenario. Hence, when there was a likelihood of impending DI, Portuguese governments repeatedly reiterated their intention to place Portugal at the forefront of European integration. This accounts for most of the non-negative references encountered. Notwithstanding this generally negative view of DI, mainstream parties – which alternated in government during the timeframe of the analysis – viewed the enhanced co-operation mechanism in a generally positive manner, recognising its potential to promote advances in European integration when the EU faced critical deadlocks.

Regarding polity DI, parties made most references to the ‘directorate’ key word. However, there are important nuances as to how the different actors employed this term. Opposition parties tended to use it more frequently to confront the government with the need to stand up for the national interests of peripheral countries such as Portugal against the will of the most powerful countries. These parties often used DI to justify their Eurosceptic stances by drawing attention to the power disparities within the EU which relegate Portugal to a secondary and submissive role. On the contrary, the government, irrespective of which party is in office at a given point, tended to be much more contained in the use of this key word (even if it used it frequently when in opposition). Cross-pressured between the national interest and the constraints of EU politics, successive governments tended to adopt a more pragmatic and diplomatic approach, refraining from using this negatively charged word as it implied acknowledgement of a de facto bias in EU-level decision-making. Nevertheless, all the parties agreed that a more or less formal ‘directorate’ in the European Union was something to avoid, together with models entailing multiple speeds, although they recognised that to a certain extent they were already in place (see for example the debate on the Future of Europe). The mainstream parties (the Socialist Party, the Social Democratic Party and the CDS – People’s Party) saw in the Lisbon Treaty an important tool to prevent the development and institutionalisation of DI models. Inversely, the remaining parties claimed that the Lisbon Treaty would further enable a model of a core Europe in which the most powerful country would be able to control the fate of the EU.

Future research could expand the timeframe of analysis to consider the potential impacts of the COVID-19 crisis and the European Recovery and Resilience Plan (given that Portugal is the second largest beneficiary compared to national GDP) on both the salience of DI, and the positions of the government and opposition parties.
References


# Appendix 1

## Overview of the documents analysed

<table>
<thead>
<tr>
<th>Category of document</th>
<th>Time period</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. First speeches and parliamentary debate</td>
<td>2004-2020</td>
<td>The first speech after the election of each PM in parliament and the subsequent debates (years same as above),...</td>
</tr>
<tr>
<td>3. European Council presidency speeches and parliamentary debates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. in European Parliament</td>
<td></td>
<td>11.07.2007 (European Parliament)</td>
</tr>
<tr>
<td>4. Future of Europe speeches and parliamentary debates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. for citizen consultation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Prime minister European Council statements</td>
<td>2012-2020</td>
<td>All the pre-Council statements by the PM in the Portuguese Parliament: a total of 21 statements</td>
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<tr>
<td>6. Parliamentary debates&lt;sup&gt;4&lt;/sup&gt;</td>
<td>2004-2020</td>
<td>Documents containing any of the key words described in Table 2 (salience analysis)</td>
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<tr>
<td></td>
<td>2008</td>
<td>Documents including one of the following key words: multi-speed Europe, two-speed Europe, variable geometry, à la carte, enhanced co-operation, opt-out</td>
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<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>2017-2020</td>
<td></td>
</tr>
</tbody>
</table>

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<sup>4</sup> As the legislation requiring the Prime-Minister to address the parliament before the European Council meetings was only approved in May 2012 (Lei 21/2012), these documents were unavailable before then.

<sup>5</sup> Retrieved from the official repository of parliamentary debates of the Portuguese parliament.
## Appendix 2

### Translation of key words

<table>
<thead>
<tr>
<th>Keyword</th>
<th>Portuguese Translation</th>
<th>Notes</th>
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<tr>
<td><strong>DI models (conceptual key words)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differentiated integration</td>
<td>Integração diferenciada</td>
<td>Not customarily used</td>
</tr>
<tr>
<td>Coalition of the willing</td>
<td>No translation</td>
<td></td>
</tr>
<tr>
<td>Two-speed Europe</td>
<td>Europa a duas velocidades</td>
<td></td>
</tr>
<tr>
<td>Multi-speed Europe</td>
<td>Europa a várias velocidades</td>
<td></td>
</tr>
<tr>
<td>Variable geometry</td>
<td>Geometria variável</td>
<td>And ‘União Europeia’</td>
</tr>
<tr>
<td>Core Europe</td>
<td>Directório/diretório</td>
<td>Not a direct translation but widely used to refer to the concentration of decision-making power at the EU-level in a few powerful MS</td>
</tr>
<tr>
<td>Two-tier Europe</td>
<td>No translation</td>
<td></td>
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<tr>
<td>Concentric circles</td>
<td>Círculos concéntricos</td>
<td></td>
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<tr>
<td>à la carte</td>
<td>à la carte</td>
<td></td>
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<tr>
<td>Future of Europe</td>
<td>Futuro da Europa</td>
<td>Used widely without necessarily referring to the FoE debates</td>
</tr>
</tbody>
</table>

**DI mechanisms**

| Enhanced co-operation                      | Cooperação reforçada   | And ‘União Europeia’                                                  |
| opt-out                                     | opt-out                | Does not have an established translation                              |

**DI instances – enhanced co-operation**

<p>| Pesco                                       | Pesco; cooperação estruturada permanente |                                                                      |
| Rome III                                    | Roma III                        |                                                                      |
| Unitary patent                              | Patente unitária               |                                                                      |
| Matrimonial property regimes                | Regimes de propriedade matrimonial |                                                                      |
| Financial Transaction Tax                   | Taxa sobre transações financeiras |                                                                      |</p>
<table>
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<tr>
<th><strong>European Public Prosecutor</strong></th>
<th>Promotor Público</th>
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<td></td>
<td>Europeu/Procurador Europeu</td>
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**DI instances – opt-out policy fields**

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<th>União Monetária e Económica</th>
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<th>Política de Defesa e Segurança</th>
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<tr>
<td><strong>Used also in the national context</strong></td>
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<table>
<thead>
<tr>
<th><strong>Area of Freedom, Security and Justice</strong></th>
<th>Espaço de Liberdade, Segurança e Justiça</th>
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<table>
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<tr>
<th><strong>Charter of Fundamental Rights</strong></th>
<th>Carta dos Direitos Fundamentais</th>
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<table>
<thead>
<tr>
<th><strong>Social Charter</strong></th>
<th>Carta Social Europeia</th>
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</table>

**DI instances – inter se agreements**

<table>
<thead>
<tr>
<th><strong>Prüm Convention</strong></th>
<th>Convenção de Prüm</th>
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<table>
<thead>
<tr>
<th><strong>European Stability Mechanism</strong></th>
<th>Mecanismo de Estabilidade Europeu</th>
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<table>
<thead>
<tr>
<th>Fiscal Compact</th>
<th>Pacto Fiscal/Tratado Orçamental</th>
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<table>
<thead>
<tr>
<th>Single Resolution Mechanism</th>
<th>Mecanismo de Resolução Única</th>
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<table>
<thead>
<tr>
<th><strong>Unified Patent Court</strong></th>
<th>Tribunal Unificado de Patentes</th>
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**DI instances – external agreements**

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<thead>
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<table>
<thead>
<tr>
<th><strong>Customs Union + Turkey</strong></th>
<th>União Aduaneira + Turquia</th>
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Differentiated Integration or Discriminatory Integration? Romania’s view on DI in the EU

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Abstract
The concept of differentiated integration (DI) provides a way to talk about the accommodation of diversity in the EU. However, DI can also be perceived as a means to discriminate between the more economically advanced, typically older and Western EU Member States, and newer EU Member States. One of the EU countries that perceives DI as both an opportunity for deeper European integration and as a potential source of discrimination among the EU Member States, is Romania. To get a better understanding of successive Romanian governments’ approach to DI and of the salience that DI has in that country, this paper undertakes a quantitative and qualitative analysis of official communications and pronouncements made by Romanian decision-makers on the subject of EU integration between 2006-2020. My analysis indicates that there has been a relatively low salience of DI models (i.e. multi-speed and multi-end EU) and DI mechanisms (i.e. enhanced cooperation and opt-outs) but a high salience of DI instances (i.e. differentiated EU policies) in the official discourse emanating from Romanian government sources during this period. The position of successive Romanian governments with regard to DI was strongly in favour of more integration, especially when it comes to the country’s accession both to the Schengen area and to the Eurozone; however, successive governments have fervently opposed any type of DI models. This is explained in part by Romania’s majority pro-European electorate and decision-makers, and also by the desire of Romanian governments to be seen as existing on an equal footing with other EU Member States within the EU’s decision-making processes.

Keywords: Romania, differentiated integration, multi-speed EU, salience, Schengen

Introduction
The concept of differentiated integration (DI) emerged over time as a solution for accommodating the EU’s unity in diversity, given that it allows EU Member States to have various levels of involvement in European policy fields and institutional arrangements. At the same time, DI can also be perceived by some Member States as a driver of a deepening cleavage between the older Member States, that are typically the more economically advanced, and the newer EU Member States. To get a better understanding of how salient DI is for newer and poorer Member States, and of how the governments of these countries position themselves with respect to DI, this contribution will focus on the case of Romania.

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Romania’s case is of particular interest for understanding the dynamics of European integration at large, and more specifically those pertaining to DI. Although Romania joined the EU in 2007, it is still not a member of the Schengen area or the Eurozone. Through its EU accession agreements, however, Romania is legally obligated to join both areas as soon as the country fulfils the necessary technical requirements and is hence not able to opt-out from these areas of European integration. While Eurozone accession has been delayed because of the country’s technical unpreparedness, Romania’s accession to the Schengen area has been repeatedly denied by the European Council on political grounds. This has come to be seen by many Romanians as a symbol of the country’s status as a ‘second-class’ Member State in the EU and of the EU’s lack of trust in Romania’s capacity to protect the EU’s external borders.

This study seeks to provide a better understanding of how Romanian decision-makers have perceived DI since Romania’s accession to the EU. The empirical analysis follows the research framework guiding this special issue, distinguishing between polity differentiation, policy differentiation and mechanisms of differentiation.

The article proceeds by briefly outlining the theory and methods guiding this case study, before presenting the findings of the empirical analysis and the conclusions. Throughout this article, we argue that leaders in Romania are among the staunchest supporters of deeper and wider European integration and are strongly against any development scenarios that are based on a two-speed or two-tier EU, that would discriminate between Member States based on their capacity for European integration.

**Theory and methods**

The EU is a relatively thin governance system that has limited collective resources and capacities and must leverage its Member States’ capacities and engagement in order to function effectively as a polity and as a system of public policy. Contemporary studies of European integration share the assumption that DI helps the EU to adjust to the growing heterogeneity of its Member States and to better respond to the contestation of its policies (Schimmelfennig & Schraff 2020).

Among the consequences of DI for the future of Europe, there may be a Europe of ‘different speeds’ (e.g. two-speed EU; multi-speed EU) and a Europe of ‘different endpoints’ (e.g. two-tier EU; core Europe; Europe of concentric circles or of variable geometry; or Europe à la carte) (Stubb 1996). Depending on the level of economic development, but also on their historical, cultural and political features, EU Member States may have a favourable position towards DI or may radically oppose it.

This article examines the salience of DI and the position that successive Romanian governments took between 2006 and 2020 with respect to DI more generally, as a model of European integration, but also more specifically, with respect to specific mechanisms and instances of DI. To understand Romania’s position towards polity differentiation, we focused on the ‘multi-speed’ and ‘multi-end’ models of DI. With
regard to *policy differentiation*, we analysed Romania’s position concerning various instances of DI, such as the Schengen area, the Fiscal Compact or the Eurozone. Last but not least, we analysed the salience of two specific *mechanisms of differentiation*, namely ‘enhanced co-operation’ and ‘opt-outs’, and the position that Romanian governments took concerning these mechanisms.

This article is the result of both quantitative and qualitative analyses of government programmes issued between 2005 and 2019, key speeches made by Romanian heads of state and prime ministers between 2006 and 2020, and parliamentary debates held between 2006 and 2020.\(^3\)

**Polity differentiation: ‘Multi-speed Europe’ and ‘Multi-end Europe’**

At the level of polity differentiation, the paper distinguishes between two models: a ‘multi-speed Europe’ and a ‘multi-end Europe’ model (see Introduction to the special issue). The salience of DI models was generally low in Romania until it peaked around the debate on the Commission’s White Paper on the Future of Europe in 2017 but has remained relatively low ever since. The following discussion of government programs, presidential and prime ministerial statements, and parliamentary records provides a more detailed discussion of this finding.

In a first step, we analysed Romanian government programmes issued between 2005 and 2019 to gauge the salience of DI with regard to domestic political visions and outlook. The most salient key phrases found in governmental programmes were the ‘future of Europe,’ and also ‘multi-speed,’ ‘concentric circles’ and ‘differentiated treatment’. No reference was found for the phrases ‘variable geometry,’ ‘core Europe’ or ‘two-tier Europe’.

When analysing statements made by Romania’s heads of state before and after European Council meetings organised between 2011 and 2020, a much higher salience of key words related to DI models was found compared to that found in other key government speeches. With a majority of references found in 2017, which was directly after the publication of the Commission’s White Paper on the *Future of Europe*, the most frequent key words were those pertaining to a Europe of different-speeds (i.e. ‘multi-speed Europe’ and ‘two-speed Europe’). To a much lesser extent, President Iohannis also made reference to different endpoints of DI by using key words such as ‘concentric circles’, ‘core Europe’ and even ‘second-class country’, presenting the idea of a ‘two-tier Europe’ as something that would be detrimental to Romania’s power and image in the EU.

In parliamentary debates, as is charted in Figure 1 below, the first most salient DI model was ‘two-speed Europe’ (n=30, with a peak in 2017), followed by ‘multi-speed Europe’ (n=14), while scarce reference was found with respect to ‘variable geometry’ (n=2) and ‘concentric circles’ (n=4). No reference was found for ‘coalition of the willing,’ ‘core Europe,’ ‘two-tier Europe’ or ‘à la carte’ EU. The share of the ‘multi-speed’ DI model accounts for around 90% of all the references made to DI models in

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\(^3\) The collection of data for the year 2020 covers parliamentary debates held up until 1 April 2020.
parliamentary debates. The peak of DI-related debates was in 2017, with a gradual decrease in 2018 and 2019.

**Figure 1**  The salience of DI conceptual key words in parliamentary debates

By counting positive and negative statements made in parliamentary debates about the two models of DI, the research shows that successive governments and opposition parties alike perceive multi-speed and multi-end Europe in a negative light. While in the majority of cases there is a rejection of DI models for normative or substantive reasons, only in very few cases was there uncertainty or neutral observations regarding DI models and their implications for Romania. In even fewer cases did we find a positive perception of DI models with political figures presenting DI models as opportunities for Romania to boost its efforts to be among the top tier of the EU Member States.

The reluctance to accept a multi-speed Europe could be explained by a fear among Romanians of being left behind on the EU’s periphery, which – among other things – may be reminiscent of the Iron Curtain and how it once divided Europe. In this regard, President Iohannis insisted during a European Council meeting in March 2017 that a multi-speed Europe “could even lead to the splitting up of the European Union,” as it would be “more likely to amplify dissent between the Member States rather than leading to close co-operation.”⁴ Among the greatest risks perceived by Iohannis was that of separating Europe in two, with industrialised countries fearing the loss of jobs to eastern European workers and with eastern European countries fearing the loss of their citizens to western European countries and being left behind in the European decision-making process:

“The greatest danger I see is a return to the geometry of the Iron Curtain, which would be deadly for the Union, because if we accept the concept – if we had accepted – Europe with two speeds, sooner or later the second speed would have been in the east and then it would certainly have returned some deep fears of eastern Europeans, the fear of being left behind. As in the west, certainly, slowly but surely, many Europeans are afraid that someone will take their jobs, that someone will come and push them aside in their own country. We are not

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⁴ Original quote in Romanian: “ar putea chiar să ducă la scindarea Uniunii Europene”; “și una, și alta, sunt mai degrabă de natură să amplifice o disensiune între statele membre, în loc să ducă la o colaborare aprofundată.” Klaus Iohannis, Head of State (PNL), Press Conference, European Council informal meeting in Rome, 25.03.2017.
allowed to let the Union reach a state where Europeans, instead of being optimistic and confident in their project, start to fear the European project.”

(Klaus Iohannis, Head of State (PNL), Press Conference, European Council informal meeting in Rome, 25.03.2017).

From the way in which President Iohannis spoke during the press conference in March 2017, we see that he perceived the discussion on a two-speed Europe as being closed, as something already belonging to the past (i.e. “if we had accepted,” “would have been”). However, seeking to obtain domestic support for the Commission’s White Paper on the Future of Europe, Jean-Claude Juncker, then President of the European Commission, made an address on 11 May 2017 in the Romanian Parliament on the subject of the Future of Europe and on the potential of a multi-speed Europe, claiming that:

“[…] we can move forward together, even if we go at different paces. A multi-speed Europe already exists. This is enshrined in the Treaties. This is what we call enhanced co-operation. The debate on a multi-speed Europe […] is, in fact, a non-debate. The real debate is on the necessary co-operation between our nations” 6 (Jean-Claude Juncker, President of the European Commission, Romanian Parliament, 11.05.2017).

Juncker’s speech initiated a heated debate in the Romanian parliament, with political figures on all sides rebuffing the idea of any differentiated integration that would result in varying degrees of power across the EU Member States. Therefore, in response to Juncker’s speech, the government’s representatives took a rather moderate position regarding Member States’ preferences for European integration, but radically opposed the prospects of any differentiation that could entail prioritising the preferences of certain more powerful countries in the European decision-making processes over any other:

“Today […] we are offered routes to the future which involve various speeds. So be it, if the common policies are to be carried out horizontally according to geometries that may vary, as at the beginning of the Community. Some states may decide to explore together deeper integration in a particular economic or social field, integration that other states may consider inappropriate or feel unprepared for. However, it is inconceivable, if we take seriously the spirit that set in motion the European construction, for the Member States to be divided into groups vertically on the political decision. Some on stage, others in the lodge and the last in the

5 Original quote in Romanian: “Am prezentat din punctul meu de vedere pericolele unei Europe cu două viteză, unde pericolul cel mai mare pe care-l văd este revenirea la geometria Cortinei de Fier, care ar fi mortală pentru Uniune, fiindcă, dacă acceptăm conceptul - încă o dată, dacă am accepta - a ieşit din discurs, dar că să vă răspund la întrebare, dacă am fi acceptat Europa cu două viteză, mai devreme sau mai târziu, viteză a doua ar fi fost în Est, şi atunci cu siguranţă ar fi revenit nişte temeri profunde ale est-europenilor, temerea de a fi lăsaţi în urmă. Cum în Vest, cu certitudine, încet, dar sigur, foarte mulţi europeni se tem că le ia cineva locurile de muncă, că vine cineva şi îi impinge la ei în ţară deoparte. Or nici una, nici alta nu au voie să se întâmple şi nu avem voie să lăsăm Uniunea să ajungă într-o stare în care europenii, în loc să fie optimişi şi încrezători în proiectul lor, să înceapă să se teamă de proiectul european şi, sigur, am adus mai multe argumente. ” Klaus Iohannis, Head of State (PNL), Press Conference, European Council meeting, 25.03.2017.

periphery. It is unacceptable for the dynamics of convergence, no matter how slow, to be replaced by a process of prioritising decision-making and development” (Călin Popescu-Tăriceanu, President of the Upper House (ALDE), Romanian Parliament, 11.05.2017).

The same negative position against DI models continued in 2018 and 2019, and is reflected in various statements made in the parliament or at the European level by the Romanian Head of State, Klaus Iohannis, and by the former PM, Viorica Dăncilă:

“Ideas such as a multi-speed Europe or a Europe of concentric circles are not options, as we wish to preserve the unified and indivisible nature of the European Union, which makes it valuable and credible in its relations with the rest of the world” (Klaus Iohannis, Head of State (PNL), European Parliament, 23.10.2018).

“Romania has consistently promoted the importance of keeping the European Union united, without any divisions between the east and the west, between the southern and the northern parts of Europe, between older Member States and newer ones, or with various speeds of European integration. We want the initiatives to consolidate the European construction to be based on a positive, inclusive, consensual and citizen-oriented agenda” (Klaus Iohannis, Head of State (PNL), European Summit of Regions and Cities, 15.03.2019).

“I believe that this feeling of recognition of the significance that the European Union has for citizens needs to be constantly cultivated through concrete results. Our project must not promote a multi-speed Europe or a Europe of concentric circles. Romania will continue to promote the common goal of strengthening the European project and it will at the same time pursue the completion of its integration. I am referring here, of course, to the full integration of our country in the Schengen Area, within which we are already acting as a de facto member” (Viorica Dăncilă, Prime Minister (PSD), European Parliament, 18.07.2019).

We can thus see that the negative perception of DI models can also be explained by the Romanian government’s desire to be on an equal footing with older EU Member States in the decision-making processes. Given the country’s communist past and continuous struggle to catch-up with the Western European countries, any sort of European integration through different speeds or different endpoints is strongly opposed, as it is perceived as a sign of European discrimination that would leave Romania in a ‘second-tier’ Europe.

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7 Original quote in Romanian: “Astăzi […] ni se propun rute către viitor, ce comportă mai multe viteze. Fie, dacă este vorba ca politicile comune să fie desfăşurate pe orizontală, după geometrii ce pot varia, ca la începuturile Comunităţii. Unele state pot decide să exploreze împreună o integrare mai profundă într-un anume domeniu economic ori social, integrare pe care alte state o pot considera înopportună sau pentru care nu se simt pregătite. Este însă de neconceput, dacă luăm în serios spiritul care a pus în mişcare construcţia europeană, ca statele membre să fie distribuite în grupuri pe verticala deciziei politice. Unele pe scenă, altele în lojă şi ultimele la periferie. Este inacceptabil ca dinamica convergenţei, oricât de lentă ar fi încă, să fie înlocuită de un proces de ierarhizare a capacităţii de decizie şi a nivelului de dezvoltare.” Călin Popescu-Tăriceanu, President of the Upper House (ALDE), Romanian Parliament, 11.05.2017.
Policy differentiation

While references to DI models were made mainly in the national parliament and on the fringes of European Council meetings, references to DI instances such as with respect to Schengen, EMU and Brexit were highly salient across all the arenas for government communication considered in this paper.

As we can see in Figure 2, most references to DI instances were made with respect to Schengen and to the Economic and Monetary Union (EMU). The salience of Schengen and EMU are, in the case of Romania, an expression of a preference for more integration rather than for any ‘opt-outs,’ given Romania’s legal obligations to join the Schengen area and the eurozone. The peak in salience registered for ‘Schengen’ in 2013 and the lower peaks registered in 2011 and 2010 are most likely to be related to Romania’s protracted accession to Schengen. We can also observe that between 2014-2019 the salience of Schengen decreased considerably, pointing perhaps, on the one hand, to the country’s frustration at seeking accession to Schengen in the face of a political opposition by other Member States and, on the other hand, to the country’s reaction to the refugee crisis and to the impact that potential Schengen membership would have on the country’s capacity to control the EU’s external borders.

Figure 2  The salience of DI instances (opt-outs) in parliamentary debates

Highly salient were also references to areas of more co-operation both within the EU and with non-EU countries, including with eastern European countries seeking closer ties with the EU, southern neighbourhood countries and international partners such as the UN or NATO. Particular attention was afforded to the prospects of enhancing the stability of EMU and the internal security of the EU, including in the fields of cyber-security, illegal migration, strategic communication, misinformation and fake news. All such references had the general aim of enhancing the unity and sustainability of the European project. The focus on enhancing the EU’s internal and external security was linked to a rather high salience of Permanent Structured Co-operation in Defence (‘PESCO’) in 2017 and in 2018, given that the European Council first activated PESCO in December 2017. Reference was also made several times to the European Public Prosecutor (EPP): in 2017, when Romania formalised its participation in this new
enhanced co-operation initiative, and in 2019, when the former Chief Prosecutor of Romania, Laura Codruta Kövesi, became the first person appointed to this new role.

Differentiation does not happen only inside the EU. It also happens between the EU and non-Member States (via association agreements) and among EU members but outside the EU framework (via inter se agreements). Inter se agreements are international agreements reached among EU Member States which allow them to circumvent the institutional constraints of the community method. Analysing the salience of five inter se agreements (see Figure 3), we found no reference to the ‘Unified Patent Court’ and rather scarce references to the ‘European Stability Mechanism’ and the ‘Single Resolution Mechanism’. The ‘Prüm Convention’ was relatively salient in 2008, when Romania ratified the agreement. The most salient instance was the ‘Fiscal Compact’, with a peak in 2012, when the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union was signed by the EU Member States, with the exception of the Czech Republic and the United Kingdom. Although the Treaty was not binding for states that were not members of the eurozone, Romania chose to opt-in and to ratify the Fiscal Compact nonetheless.

Figure 3  The salience of inter-se agreements in parliamentary debates

The qualitative analysis of the documents reconfirms that “Romania clearly maintains its position on deepening the Union, with all its successful policies and projects, especially the Internal Market, the Schengen Area and the eurozone,” as PM Grindeanu stated in March 2017, when he also reaffirmed “Romania’s support for a consolidated, unitary and inclusive Europe.”

However, since 2011 Romania has been caught in an indeterminate state between having fulfilled the technical requirements and becoming a fully-fledged member of the Schengen area. Hence, the country’s protracted accession to Schengen has come to be seen by Romanians as a symbol of European differential treatment and distrust in

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9 See, in particular, the report by the European deputy Carlos Coelho ‘Report on the draft Council decision on the full application of the provisions of the Schengen acquis in the Republic of Bulgaria and Romania’, A7-0185/2011, 04/05/2011.
the country’s capacity to protect the EU's external borders. In spite of the breach of trust in EU decision-making processes that has been brought about by the politicised enlargement of Schengen – Romania has been consistently keen to opt-in to the Schengen zone.

The government programme proposed by PM Mihai Răzvan Ungureanu in 2012 set out the objectives of joining Schengen and the Eurozone as the top government priorities in the sphere of European affairs. With respect to Schengen, Ungureanu aimed to accelerate the accession process by improving political dialogue with the states that were blocking Romania’s accession so as to join the area by the end of 2012. With respect to the Eurozone, the Ungureanu government aimed to sign and ratify the Treaty on Stability, Coordination and Governance in Economic and Monetary Union – the Fiscal Compact Treaty – even though the country was not a member of the Eurozone. As part of the Copenhagen criteria, to which Romania had subscribed since 2003, the country had committed itself to adopting the single European currency when economically prepared to do so. Thus, while Schengen and the EMU can be seen as opt-out DI instances, we see that, for Romanian governments at least, they were instances that allowed for advanced co-operation and integration with the country’s European partners.

Ungureanu also made clear reference to his government’s objectives to join Schengen and to ratify the Fiscal Compact in his first speech after being nominated as PM in the National Parliament:

> “Many of my efforts will be directed towards relaunching cross-party dialogue, especially when we have issues of national interest: the Co-operation and Verification Mechanism, accession to the Schengen area and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union” 10 (Mihai Răzvan Ungureanu, Prime Minister (Independent), Romanian Parliament, 09.02.2012).

Similarly, then Head of State Traian Băsescu, during an address to the national parliament, stressed the importance of the country’s accession to both the Eurozone and the Schengen area, and of the ratification of the Fiscal Compact:

> “A major objective of Romania is to enter the euro area […]. You have to understand how important it is for the Romanian economy to become a Member State of the euro area. […] The objective in the next period must be to reanalyse and increase the performance of the state economy. […] I think that the treaty [the Fiscal Compact] is a step forward, a step that Romania does not have the right to take halfway. We need to contribute to European consolidation […]” 11 (Traian Băsescu, Head of State (PDL), Romanian Parliament, 07.03.2012).

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10 Original quote in Romanian: “O mare parte dintre eforturile mele se vor îndrepta spre relansarea dialogului transpartinic, mai ales atunci când vom avea în față subiecte de interes național, mecanismul de cooperare și verificare, aderarea la spațiul Schengen sau tratatul pentru stabilitate, coordonare și guvernanță în Uniunea Economică și Monetară.” Mihai Răzvan Ungureanu, Prime Minister (Independent), Romanian Parliament, 09.02.2012.

11 Original quote in Romanian: “Un obiectiv major al României este intrarea în zona euro […]. Trebuie să înțelegeți cât de important pentru economia românească este să devenim stat membru al zonei euro. […] Obiectivul în perioada imediat următoare trebuie să fie reanalizarea și creșterea performanțelor economiei de stat.”
Romania’s protracted accessions to Schengen and to the Eurozone have often been perceived by Romanian decision-makers as a sign of a de-facto multi-speed Europe but also as a symbol of the discrimination that the country is subject to in the EU:

“Schengen accession remains a goal to be pursued, seen in its correct dimension, as a symbol of Romania’s non-discrimination in the EU. [...]”\(^{12}\) (Government Programme, PSD, 2017 & 2018).

Moreover, the government programmes issued by the PSD in 2017 and 2018, and the programme issued by the PNL in 2019 included accession to the Schengen area and to the eurozone among their main objectives:

“We will be able to \textit{ensure the premises for Romania’s accession to the eurozone} in a reasonable time, with \textit{deeper integration in the EU} being achieved against a background of a competitive and solid economic and social foundation”\(^{13}\) (Government Programme, PSD, 2018).

“There is an essential step for Romania’s economic development. Romania’s rapid accession to the Schengen area is another key objective. It is vital for all citizens to be able to move freely and work anywhere in the community area”\(^{14}\) (Government Programme, PNL, 2019).

We can see from the analysis of political debates in the Romanian Parliament, and also from the various statements by the President and the PM, that Romanian decision-makers are against policy differentiation when discussing Romania’s involuntary exclusion from the Eurozone and Schengen. However, they are in favour of policy differentiation when it means that Romania would accede to the ‘top-tier’ of core EU countries.

\textbf{Mechanisms of differentiation: ‘Opt-outs’ and ‘Enhanced cooperation’}

Moving on to the analysis of the salience of DI mechanisms, we found that relatively little reference was made to ‘enhanced co-operation’ and ‘opt-out’ in the government programmes, governmental speeches or parliamentary debates analysed for this study. However, in the statements made by Romanian heads of state before and after European Council meetings, references to ‘enhanced co-operation’ were highly salient, with the Head of State using it interchangeably to refer both to the EU’s Treaty mechanism for differentiated integration and to support more integration and co-

\[^{12}\text{Original quote in Romanian: “Aderarea la Schengen rămâne un obiectiv de urmărit, văzut în dimensiunea sa corectă, ca simbol al nediscriminării românilor în UE. [...] Vom putea asigura astfel premisele aderării României la Zona Euro într-un termen rezonabil, integrarea mai adâncă în UE realizându-se pe fondul unei fundații economico-socială competitivă și solidă.” Government Programme, PSD, 2017 & 2018.}\]

\[^{13}\text{Original quote in Romanian: “Vom putea asigura astfel premisele aderării României la Zona Euro într-un termen rezonabil, integrarea mai adâncă în UE realizându-se pe fondul unei fundații economico-socială competitivă și solidă”. Government Programme, PSD, 2018.}\]

\[^{14}\text{Original quote in Romanian: “Aderarea la Zona Euro, cât mai curând posibil, în baza unor criterii temeinice și a unui calendar stabilizat în mod realist, este un pas esențial pentru dezvoltarea economică a României. Aderarea rapidă a României la Spațiul Schengen este un alt obiectiv esențial. Este vital ca toți cetățenii să se poată deplasa liber și să poată munici oriunde în spațiul comunitar.” Government Programme, PNL, 2019.}\]
operation in various areas connected to European integration (n=121, with peaks in 2017 and 2018).

One of the key findings of our qualitative analysis is that, while in theory ‘opt-out’ instances of DI indicate a preference for less integration, in Romania the discussions are focused on ways to end involuntary opt-outs. Moreover, our analysis indicates that Romanian leaders seem to perceive the Treaty mechanism of ‘enhanced cooperation’ as an integration mechanism that provides room for all the European states to act together eventually, as the door remains open for Member States to join enhanced cooperation programmes and activities whenever they are prepared to do so. Successive Romanian governments’ support for enhanced cooperation can thus be seen as a preference for ‘more cooperation’ or for ‘doing much more together’ – as framed by the Commission in its White Paper on the Future of Europe, rather than meaning ‘moving ahead in small groups’, as foreseen in the Treaty on European Union. Hence, a high number of positive remarks were made in favour of consolidating the European project, enhancing co-operation with the EU and enhancing Romania’s role in the EU by both government and opposition members. The results therefore point to the strong pro-European stance held by Romanian governments and opposition figures alike.

With reference to the Future of Europe debate, the government programmes issued by the PSD in 2017 and 2018 sought to reinforce Romania’s position on the European stage, aiming to “connect to the new formulas of enhanced co-operation which will be outlined at the EU level and to actively participate in the debates on the future of Europe”15 (Government Programme, PSD, 2017 & 2018). The PSD government hence indicated Romania’s support for enhanced co-operation in the EU, together with the country’s support for the consolidation of the European project, thus expressing a preference for the fifth scenario – “doing much more together” – in the Commission’s White Paper on the Future of Europe. On the fringe of the European Council’s informal meeting held in Malta in February 2017, Romanian President Klaus Iohannis emphasised that with respect to the future of Europe Romania prioritised “the consolidation and deepening of the European project.” 16 After the Commission published its White Paper in March 2017, Iohannis provided clarification of the understanding and expectations that the Romanian government had with respect to the Treaty mechanism for enhanced co-operation:

“I would like to emphasise that the mention in the final text of the Rome Declaration of the concept of enhanced co-operation is made strictly within the limits of the provisions of the current Treaty on European Union, with the aim of all states acting together. In addition, the text of the Declaration states that the door remains open for Member States wishing to join these forms of enhanced co-operation later. We certainly do not want to take steps back from what we have achieved so far. It is important for the Union to constantly evolve in order to strengthen those policies that ensure the foundation and effectiveness of the Union. I am referring here to the internal market with its four fundamental freedoms, to cohesion policy, to enlargement policy and to


16 Original quote in Romanian: “Poziția României privind viitorul Europei are în vedere în mod prioritar consolidarea și aprofundarea proiectului european.” Klaus Iohannis, Head of State (PNL), 03.02.2017.
The preference for enhanced cooperation reflects not only the government’s positive perception regarding EU integration, but also high domestic demand for more integration, particularly with regard to the Schengen area and the Eurozone – two of the most tangible areas of European integration. The higher the degree of integration in the EU, the higher the perceived Romanian political influence in the EU would be, and the greater Romania’s access to the benefits of a fully-fledged EU membership.

**Discussion and Conclusion**

The conceptual distinction between polity DI, policy DI, and mechanisms of DI helped us to gain a very precise understanding of the positions of Romanian governments and allowed us go beyond the ‘black box’ of the generic DI concept. Indeed, through this paper, we found evidence that Romanian politicians view polity DI negatively, because Romania is involuntarily excluded from two key policies, i.e. Schengen and Eurozone. Correspondingly, they view ‘opt-outs’ negatively, but ‘enhanced cooperation’ positively because it allows Romania to catch up with the EU core. In other words, political leaders in Romania are staunch supporters of deeper European integration and are strongly against any development scenarios that would divide Member States into different camps.

The findings of this paper indicate that Romania is strictly against DI at a conceptual level, opposing both a ‘different speeds EU’ and a ‘different end-points EU’. Any such two-speed or two-tier Europe is seen as something that would be detrimental to Romania’s power and image in the EU. The strong opposition to DI models is explained in part by Romania’s fear of being left behind in a ‘second-tier’ Europe, given its communist past and the country’s struggle to catch up with the more developed Western European countries.

This analysis also points to the fact that, if DI was unavoidable, Romania would seek to undertake the necessary measures to join ‘core’ Europe, as it is arguably doing presently with respect to its accession to the Schengen area and to the Eurozone. Joining the Eurozone and the Schengen area seems to be a common goal for both the current government and the opposition, and deeper integration in these two areas has consistently been considered a priority by Romanian decision-makers since the country’s accession to the EU in 2007.

Hence, notwithstanding the series of crises that has hit the EU over recent years, the challenges to European integration did not result in any notable preference for opt-outs from the processes of European integration among Romania’s political leaders. Conversely, Romanian governments and the opposition alike continuously stress the need for deeper integration with the country’s European partners. However, this ought
to be on an equal footing, undifferentiated by concentric circles or different speeds, so as to prevent the Union from falling apart.

It is important to note that this pro-European position seems to be independent of context and political ideology, as Romanian decision-makers from across the political spectrum share the general aim of strengthening the European project and of supporting its evolution towards ever-closer union.

The government’s support for enhanced co-operation can be understood at least in part as a preference for ‘more co-operation’ or for ‘doing much more together,’ as was framed by the European Commission in the White paper on the Future of Europe, rather than being taken to mean ‘moving ahead in small groups’ as foreseen in the TEU. Given that this analysis indicates that DI models were virtually absent from the Romanian political sphere before 2017, it seems that the Commission taking the initiative to debate the future of Europe was the main trigger for the peaks registered on this topic in 2017 in the Romanian political sphere.

Finally, we conclude by arguing that what explains Romanian politicians’ position towards DI is, on the one hand, domestic politics and the pro-European electorate, and on the other hand, the country’s integration experience and the expectations of the effect that DI would have on the future of European integration. In this regard, any sort of European integration involving different speeds or different shapes is perceived as a sign of discrimination that would leave Romania on Europe’s periphery, while any sort of enhanced co-operation is seen as a chance for Romania to boost its power and influence at the European level.

References


Slovenia: a case of a small, relatively new member country

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Abstract:
The concept of differentiated integration (DI) is practically invisible in Slovenian politics. The analysis showed that the key words associated with DI are seldom used in parliamentary debates, coalition programmes or prime ministerial speeches. This suggests that the issue of DI is more a topic of academic discussion than of daily politics. While the low salience of DI in Slovenian political debates makes it hard to establish governmental positions in detail, the common thread throughout Slovenian foreign policy from independence in 1991 onwards has been that a strong and united EU is of key importance for Slovenia. The few instances where wording related to DI models was used reflect a concern about a multi-speed Europe, especially a fear that a multi-tier EU would mean fewer opportunities for future Slovenian governments and in general, fewer opportunities for smaller and/or less developed countries.

Keywords: differentiated integration; multi-speed EU; Slovenia

Introduction

The citizens of the Republic of Slovenia endorsed Slovenia’s path to European Union (EU) membership by an overwhelming majority of votes (89.64 %) in a referendum on 23 March 2003. The country joined the EU in 2004, adopted the euro at the beginning of 2007 and joined Schengen by the end of the same year. In 2008, Slovenia chaired the EU Council, a role that it again held in the second half of 2021. This amply demonstrates that the country is highly pro-EU regardless of the political party in the government, as it is widely believed that EU membership is crucial for Slovenia's development and security.

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1 The research leading to this report was conducted within the InDivEU project. The project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No. 822304. The funders had no role in the study design, data collection or analysis. The article is also a result of the research program “Slovenia and its Actors in International Relations and European Integration (P5-01777)”.

2 The authors wish to acknowledge with thanks the constructive comments of Stefan Telle and an anonymous reviewer on the earlier draft of this paper.
Almost all political parties in the National Assembly (except one: The Slovenian National Party, SNS) support Slovenian membership of the European Union. Nevertheless, there are differences in their perceptions of the European Union: whereas the Slovenian Democratic Party (SDS) of the current Prime Minister Janša argue that Slovenia should enhance its relations with the Visegrád Group (V4) and other central European countries, the liberal trio (the Party of the Modern Centre, SMC; the List of Marjan Šarec, LMŠ; and the Party of Alenka Bratušek, SAB) emphasise that Slovenia is part of core Europe.3 In geographical terms, the position of the Social Democrats (SD) is not so clear, but together with New Slovenia–Christian Democrats (NSi) they aim for Slovenia to be more proactive in the EU institutions.

Despite this general pro-European outlook, many of the more complex issues related to the EU are not well publicised and therefore public awareness of how the EU functions is relatively low. The ambition of this article is, first, to discover the extent to which Slovenian governments talk about differentiated integration (DI). Secondly, we want to determine what positions they take on DI. Does Slovenian politics support the idea of a ‘Multi-Speed EU’ and if so, which are the national preferences? Which, if any, are the differentiated integration mechanisms (enhanced co-operation, opt-out mechanism) the Slovenian government might prefer? Are these mechanisms applied in Slovenian EU politics?

In this article, we explore the presence of DI discussion in the Slovenian political space, which issues generated the most attention, and especially how DI is understood by Slovenian politicians, be they members of government or members of Parliament. The research confirmed our initial expectation that in Slovenia a debate about differentiated integration (DI) is barely present, and that the mechanisms of DI are not well known. The fact that Slovenian public opinion as well as official politics are committed to the European Union does not mean that today debate on EU issues is common in government bodies or the general public. The article is structured as follows. The next section discusses theory and methods. The article then presents the main findings and observations and concludes with brief discussion of their policy relevance.

**Theory and methods**

Partly as a consequence of enlargement, but also due to a number of other complex issues which have needed to be addressed by the EU in recent years, theoretical discussion on the concept of differentiated integration has been on the rise (among others, see Stubb 1996, Leuffen et al. 2013, Rittberger at al. 2015, Schimmelfennig & Winzen 2020). As pointed out by Holzinger and Schimmelfennig (2012), there are a number of normative concepts and approaches, providing us with a systematic overview of theorizing on differentiated integration.

The theoretical framework of this article follows that described in the introduction to this issue (Telle et al. 2021), distinguishing between *policy differentiation* and *polity differentiation*. The first one relates in particular to different preferences and capacities of the member states as to the integration (demand-side) and offers option to more reluctant members of not join in all policies, while not preventing others to

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3In Slovenia, this usually refers to the countries of Benelux, Germany and France.
move ahead. In the case of **polity differentiation**, the categorization of differentiated integration in terms of time, space, and matter (Stubb 1996) is followed.

We distinguished two different models of polity differentiation. On the one hand, the ‘multi-speed EU’ model depicts DI as a temporary phenomenon and implies that all Member States (MSs) will ultimately reach the same level of integration. We started with the assumption that the concept of differentiated integration, which enables different dynamics of cooperation to member countries, is less acceptable to the so-called new Member States, which during the period of their accession already had to prove that they are capable of adopting the full range of EU policies. Yet, the complexity of EU rules has already had practical consequences for both older and newer members: here we are thinking in particular of the monetary union and Schengen – while some Member States decided against these policies and opted not to adopt the euro, others simply have not met the criteria yet. As Slovene ambition from day one was to fully embrace all EU policies as quickly as possible, ideas of deeper integration were supported. This would suggest that the Slovenian stance would not favour DI in any form.

On the other hand, the ‘multi-end EU’ model depicts DI as a potentially permanent feature of European integration. In this model, the MSs do not necessarily strive to reach similar levels of integration. Instead, each MS can ‘pick and choose’ policies to adjust its own level of integration to national preferences and capacities, with the end result being the co-existence of multiple overlapping regimes of integration. This so-called “multi-end” model may in principle be more acceptable from the integration policy efficiency perspective, but the question remains as to whether membership or lack thereof in a particular circle is a free choice of the Member State or a selective policy of the “core” countries towards those presumably less capable.

For the analysis of the salience of DI, we counted keywords (Appendix 1) in repositories of parliamentary debates. The suggested keywords were translated and adapted to the Slovenian language and jargon that is usually employed when discussing European affairs. Therefore, some Slovenian equivalents are not simply translated, but logically adapted to the political discourse in the country. A major source was provided by the research group involved in the CLARIN project (European Research Infrastructure for Language Resources and Technology), a part of the EU infrastructure ESFRI. The relevant data is in the siParl corpus, a database included in CLARIN.

In addition, for the years in which we identified a peak in the salience of DI, the authors looked at the original documents in the database. This way, the context in which a particular DI model was addressed could be identified, and instances of a different use of a specific term eliminated. This proved to be fruitful since the mere counting of the results in parliamentary debates only seldom included the keywords identified as search variables. The authors did not focus only on key words/catchwords, but also on

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4 Here, the authors wish to thank to Tomaž Erjavec, from the Slovenian CLARIN team, for his valuable assistance and guidance.

5 European Strategy Forum on Research Infrastructures. See more at https://www.clarin.eu/content/clarin-in-a-nutshell.

6 CLARIN corpus comprises over 10 thousand sessions of the National Assembly of the Republic of Slovenia in the period from 1990 to 2018, which covers one million speeches or 200 million words. (Pančur et al. 2020).

7 For example, the term “differentiated integration” was used during the parliamentary debate on the principles of involving children with special needs in the education system. This was then eliminated from our analysis.
the context that in some cases revealed the level of commitment and the attitude of Slovenia (through its politicians) to EU integration.

For analysis of the government attitude towards DI, the authors identified and analysed documents where EU issues were expected to be discussed. The selection included the last three coalition agreements (period 2014–2022), the three speeches of the Prime Ministers (PMs) after their election in the National Assembly (2014, 2018, 2020), the speech of the PM Janez Janša addressing the European Parliament during the Slovenian Presidency of the European Council in 2008, and the transcript of the public debate at the National Assembly dedicated to the presentation of the White Paper on the future of the Europe by the European Commission, held on 15 June 2017. Also, different sessions of the Parliamentary Committees, where debates included some of the identified DI keywords, were analysed.

The timeframe of the analysis is 1992–2018, even though Slovenia joined the EU only in 2004. This timeframe was selected as already during the political debates on Slovenian independence, the fact that the country wanted to adhere to the EU (at the time, the EEC) was very much present. It was therefore expected that Slovenia would put much effort into presenting itself as a suitable potential EU member. Our expectation was that some of the key words linked to the EU would be present even in the pre-accession period.

**Polity differentiation**

The analysis of prime ministerial speeches in the national parliament on the occasion of addressing the parliament after taking office, or in the European Parliament when taking over the Presidency of the Council of the European Union, showed no use of DI-related key words.

With Slovenia taking over the presidency of the EU Council in 2008, Prime Minister Janez Janša addressed the European Parliament on 16 January 2008, presenting the priorities of its EU Council presidency as the first new Member State to hold the office. Yet, in his speech, the Prime Minister did not use any of the phrases associated with DI.

Our qualitative analysis included also the three prime minister’s speeches delivered at the inauguration of their mandates. Most of the addresses focused on domestic issues, with the EU barely mentioned. Even though each of the prime ministers represented

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different political positions, the attitude to the EU did not differ much between them. Once again, there was only a single reference to DI: a two-tier EU was commented on by one of the PMs, and a belief that Slovenia should strive towards staying in the core of the EU was stated.

Three coalition agreements were analysed: the government of Miro Cerar, which was a coalition of three parties and was in office from 2014 to 2018; the government of Marjan Šarec, a minority coalition of five parties, which stepped down at the beginning of 2020; and the current government of Janez Janša, a coalition of four parties expected to be in power until mid-2022. The documents confirm speculation that DI and even general discussion on the future of the EU and the role of Slovenia within it attracted only limited attention from the government and political parties. What we found is that in the analysed documents, discussions seldom moved beyond standard phrases on the need to strengthen the EU and Slovenian active cooperation. Moreover, differentiated integration was not a common topic in Slovenian parliamentary debates. The analysis of sessions in the National Assembly did not result in any entries for ‘differentiated integration.’ As such, there were just three moments in the last 25 years in which conceptual key words related to DI were used more frequently in parliamentary debates (Figure 1). These were the years 1993, 2004 and 2017. What can be seen from these debates is that the concept of different speeds in the EU was always associated with the position of Slovenia. As such, speakers almost never discussed the relevance of possible differentiation for the European future, but mostly only the Slovenian position on these potential developments, urging the country to try to stay with the most dynamic group of countries. In general, a substantial debate about the future of Europe was non-existent. Speakers only referred to the ‘future of Europe’ as something that should be debated and should evolve, but in fact this was just a euphemism for positioning Slovenia in core Europe.

Figure 1  The salience of conceptual key words in parliamentary debates

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11 This can be explained by the fact that in the Slovenian language politicians do not use the term ‘diferencirana integracija/ diferencirano povezovanje’ but instead the term ‘level of integration.’ The search therefore included this term as well. However, even so the results are quite scarce: only two instances were recorded.
Looking at the distribution of the conceptual key words, we found that ‘core Europe,’ ‘two-speed Europe’ and ‘multi-speed Europe’ were the key phrases most used in parliamentary debates, with ‘core Europe’ and ‘two-speed Europe’ representing more than 80% of all the key phrases.

**The multi-speed Europe model**

The terms ‘two-speed Europe’ and ‘multi-speed Europe’ were debated mostly in the 3rd and 7th terms of the National Assembly. Whereas the 3rd term marked the last phase of Slovenia’s accession to the EU, the 7th term followed the 2015 migration crisis and the period when the five scenarios for the future of the EU were presented.

The analysis done using CLARIN showed that from 1992 to 2018 ‘two-speed Europe’ was used 63 times in debates in the National Assembly. Two more substantial peaks were identified in the legislative terms 2000–2004 and 2014–2018. What is interesting is that prior to Slovenian membership of the EU, and again a decade later, Slovenian politicians and decision-makers used the term ‘two speed Europe’ for differently intensified integration. However, in all the interventions Slovenia ‘wanted’ to be part of the countries in the “first-speed” or the core Europe. All the parties agreed that Slovenia should avoid being a part of a ‘second-speed’ Europe. There was a consensus in the National Assembly that Slovenia should accelerate its adoption of various EU regulations and policies, so as to be an integral part of core Europe.

In the Slovenian case, ‘two-speed Europe’ is also used as a synonym for three-, four- or multi-speed Europe. Therefore, the key phrase ‘multi-speed Europe’ was found in few debates in the National Assembly. Of 19 entries, 17 were in the last legislative period (2014–2018). This relatively high number of hits can be attributed to the fact that there was a special session of the Parliamentary Committee on European Affairs discussing the White Paper in June 2017. In this session, ‘multi-speed Europe’ was mentioned six times by a scholar from the Faculty of Social Sciences of the University of Ljubljana in his speech, seven times by centre-right party members of parliament (MPs) and three times by the Minister of Foreign Affairs. ‘Multi-speed Europe’ was mostly linked to a negative perception, suggesting that development of the EU in this direction is not to be supported.

In sum, with regard to **two-speed or multi-speed EU**, we can detect a negative connotation associated with these developments, and particularly concern as to whether the new Member States like Slovenia would be able to participate fully in what was considered a more privileged first-tier group of countries.

**The multi-end Europe model**

On the other hand, debate on ‘core Europe’ was relevant mostly in the 1st term of the National Assembly (1992–1996) when Slovenia started its path towards EU integration, and during the 7th term (2014–2018) when the PM decided that Slovenia should be part of the ‘core countries’ and personally relied on the three Benelux Prime Ministers to support Slovenia in this attempt. This means that the Slovenian

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12 This is presented in detail in the next section.
government coordinated its activities at the EU level with the three Benelux countries.\footnote{‘Core Europe’ is untranslatable in Slovenian. This is why in Slovenian EU jargon the synonym ‘Benelux (+ Germany + France)’ is used.}

Maybe the most explicit reference to DI was found in the coalition agreement in August 2018, where it states:

“The strategic interest of Slovenia is to be in the core of the EU, which will guarantee equal conditions for development. Slovenia will advocate for a further deepening of the European Monetary Union, a strengthening of the Common Foreign and Security Policy with its upgrading to a common defence policy, along with respect for the Schengen system and the protection of the EU external borders.”

The Prime Minister, Marjan Šarec, in his address on 17 August 2018 explicitly used the term ‘two-tier Europe’:

“On top of this, we can observe in praxis a two-tier Europe already. The EU will have to find the answers to the common questions as soon as possible, since without them the future may be bleak. Slovenia needs to struggle towards remaining within the so called ‘core countries.”

Recent developments: Future of Europe and Slovenia’s Council Presidency

We were also interested in whether debates on differentiated integration took place in the context of wider debates on the ‘future of Europe’ (FoE). To this end, the frequency of the conceptual key words was compared to the frequency of the key phrase ‘future of Europe.’ In the Slovenian case, the period in which their co-occurrence was mostly relevant was 2000–2004. This was the case first because Slovenia was joining the EU, and second because the Convention on the future of Europe was ongoing. The debates in that period were mostly linked to the ‘future (of Slovenia) in Europe.’ Speakers used ‘future of Europe’ to debate Slovenia’s accession rather than issues actually related to the future of the EU. The period 2005–2008 is mostly linked to the ratification of the Constitution of the EU (and later the Lisbon Treaty) and to the then forthcoming (2008) Slovenian presidency of the Council of the EU. 2017 was the next peak of the key phrase ‘future of Europe.’ This can be attributed mostly to the presentation of the White Paper on the future of Europe in the Parliamentary Committee of European Affairs (OZEU) and also to public discussion of the five scenarios. Even this dedicated discussion showed that the terms identified as relating to DI were not commonly used. In the discussion, only a few academics and politicians participated. Their positions can be grouped into the following categories:

a) An overall position in many discussions related to the EU is that a strong and united EU is in the interest of Slovenia;

b) Slovenia should try its best to remain in the ‘core,’ within the ‘first tier’ EU, and strive towards strengthening the EU;

c) Any differentiated integration (even if not explicitly called such) can be harmful for Slovenia as a small and less developed member country as it increases
inequality among the member countries and gives an even stronger voice to the larger members.

Much more critical towards the EU is the current Prime Minister Janez Janša. In his inaugural address on 13 March 2020 he spoke in particular about the tasks facing Slovenia with regard to the forthcoming presidency of the EU Council. According to his opinion, one cannot expect there to be equality in the EU:

“A country with 400 thousand people and a country of 90 million cannot have the same weight anywhere in the world, and this is true of the EU too. We are not equal, we have as much weight as can be expressed through GDP, population size, etc. The impact may be more significant if you are more skilful and here we are with the question of equality.”

Janša cited his experience during the Council presidency, recalling that if a proposal came from a smaller country, the Council administration often found a number of legal obstacles to its implementation. However, once one of the larger countries sponsored the proposal, the legal counterarguments evaporated. He concluded “In this way we were a witness of how equality works.”

We can conclude that the attitude towards DI by various Slovenian governments is negative, since there is a feeling that such developments may leave smaller, economically and politically weaker countries out of some important decision-making processes. Yet, especially in academic circles, hardly anyone shares the belief that Slovenian political ambition to belong to the core is realistic. The key reason for such doubts is the lack of capacity to play an important role.

**Policy differentiation and the mechanisms of differentiation**

The analysis now moves from polity differentiation to a discussion of policy differentiation and the two main instruments: enhanced cooperation and opt-outs. Neither term was used much in parliamentary discussions: especially the term “opt-out” was hardly ever used (see Figure 2).

![Figure 2](image_url)

**Figure 2** Frequency of enhanced cooperation and opt-outs in parliamentary debates

The key DI mechanism phrases did not appear in parliamentary debates before the year 2000. In 2007, opt-outs were mentioned 18 times, representing 70% of all

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14The first Slovenian presidency in the first semester of 2008 was during the period of his government as well.
mentions of opt-outs over the last 25 years. The term ‘enhanced co-operation’ was by far the most frequent in Slovenian parliamentary debates.

Looking at which policies with enhanced cooperation are discussed (Figure 3), we find that the financial transaction tax\textsuperscript{15} was an issue in 2012, 2013 and 2014, while the situation reversed in 2017 when the issues of the European public prosecutor\textsuperscript{16} and PESCO\textsuperscript{17} became more visible. For 2018, the high numbers can only be attributed to PESCO. The Unitary Patent was mentioned for the first time in 2012 and reached a peak in 2016. After that, there were no more entries in parliamentary debates. Mentions of the Unitary Patent represented 4\% of the total references to DI instances. Finally, other instances of enhanced co-operation, such as Rome III, were not mentioned in parliamentary debates. Overall, enhanced cooperation policies were most frequently discussed between 2012 and 2014 and in 2017 and 2018 (Figure 3). The first period was when Slovenia was dealing with a relatively harsh economic crisis. At that time, debates were mostly linked to issues related to the crisis and especially to its resolution. In 2017 and 2018, the debate on enhanced co-operation was linked to Juncker’s five scenarios and to co-operation with ‘core Europe’ countries.

\textbf{Figure 3} \hspace{1cm} \textit{Breakdown of enhanced cooperation policies, 1990–2018 (n= 597)}

International agreements among EU Member States are a third mechanism through which differentiation takes place. Figure 4 shows that references to these so-called inter-se agreements reached the highest frequency in 2017. This was mostly on account of the debate on the Single Resolution Mechanism (SRM) in Slovenia. These debates were mostly linked to the issue of the bailout of Slovenian banks in 2013. Due to the economic and financial crisis, the Bratušek government made a commitment to the European Commission that Slovenia would privatise all banks that were still state-

\textsuperscript{15} “The objective of the Financial Transaction Tax (FTT) is to ensure that the financial sector makes a fair contribution to national tax revenues. It is also intended to discourage transactions that do not enhance the efficient allocation of resources by the financial markets” (Karaboycheva 2021).

\textsuperscript{16} The European Public Prosecutor Office is an independent Union body competent to fight crimes against the Union budget (see https://ec.europa.eu/info/law/cross-border-cases/judicial-cooperation/networks-and-bodies-supporting-judicial-cooperation/european-public-prosecutors-office_en).

\textsuperscript{17} PESCO stays for a Permanent Structured Cooperation, part of the EU security and defence policy, formed in 2017. See more at https://pesco.europa.eu/.
owned by 2018. As the next Cerar’s government (2014–2018) accelerated the process of bank privatisation in 2017, this was also reflected in parliamentary debates. Therefore, the SRM was mentioned several times in the context of Slovenian bank privatisation, and it de facto had little to do with the attitude towards inter-se agreements. Thus, the debate was more related to its unfairness and conditionality regarding Slovenian economic policy.

The other two inter-se agreements important in parliamentary debates were the European Stability Mechanism (ESM) and the Unitary Patent Court. However, in relative terms, the latter was more relevant for parliamentarians, with 102 entries found for it and only 30 for the ESM. The Prüm Convention18 was mentioned only once (by the Minister of the Interior, who called it the Prüm Treaty). Similarly, the fiscal compact was mentioned once by the Minister of Finance.

Figure 4  
*The salience inter se agreements in parliamentary debates*

In sum, the key DI mechanism phrases did not appear in parliamentary debates before the year 2000. Overall, opt-outs were barely mentioned, and where they were, the term was mostly used in a general way (for instance, “there are some opt-outs”). The exception is the year 2007, when opt-outs were mentioned 18 times, representing 70% of all the mentions of opt-outs over the last 25 years. This can be attributed to the debate on the Lisbon treaty and opt-outs that some of the other EU countries had. On the other hand, the term ‘enhanced co-operation’ was by far the most present in Slovenian parliamentary debates. The issue was mostly present between 2011 and 2014 and in 2017. The first period was when Slovenia was dealing with a relatively harsh economic crisis. At that time, debates were mostly linked to issues related to the crisis and especially to its resolution. In 2017, the debate on enhanced co-operation was linked to Juncker’s five scenarios and to co-operation with ‘core Europe’ countries.

Discussion and Conclusion

The analysis has shown that differentiated integration and the related instruments are not a topic which receives much attention in Slovenia. In spite of the importance the issue of differentiated integration bears for small, relatively less developed countries, surprisingly little attention is being paid to the issue by the government or by the citizens. At most, the discussion focuses on the position of Slovenia within the EU of different “speeds”.

The government’s position on DI can barely be identified from the few references made to DI. In fact, the analysis has shown that, overall, the government position on European issues is not as clear and is surprisingly absent from Slovenian politics. If on one hand we see concern about not belonging to the “core”, we are surprised by the limited understanding of the DI and lack of engagement in the discussions on DI. One would expect a more pro-active stance in the light of the fact that Slovenia has been a full member of the European Union since 2004 and joined the Union with significant public support. Discussion of the EU and the Slovenian position within it is absent in government documents such as coalition agreements and inaugural speeches by prime ministers. In each of these texts, we could identify a single, or at most two, paragraphs related to the EU. In addition, the DI issue is only mentioned indirectly – at most, the position identified in these documents is that Slovenia should maintain its stance in favour of close integration of the Member States, strengthening the EU, and with active participation by Slovenia in all EU policies.

The findings suggest that the complexity of the EU and its politics are not at the forefront of domestic political discussion. One of the possible explanations might be that Slovenia is still a relatively young state, and so much political attention is devoted to the internal issues of building institutions, policies and government practice within the country. The other reason may be that the voters have been satisfied with the fact that Slovenia has successfully joined the EU, the euro and Schengen, and that all of these make us feel sufficiently “European”. Developments beyond this may not be of significant interest to the public and are often poorly understood even by those who should know better, meaning the members of the national parliament. This is reflected in our research where the debates have shown limited knowledge of the topics related to specific DI mechanisms, which are therefore not discussed.

The question is who should be interested in raising the level of awareness on the topics related to the future of the EU. It seems the political parties in Slovenia do not see discussions on the EU as arenas where political points among the voters can be scored. In a small member country, the primary focus is on domestic issues, and only on those effects of DI which may relate to the national interest. This means that we cannot expect the government to invest in popularisation of the EU, at least not beyond very basic information. Could one expect the European Commission to play a more pro-active role? The Commission is engaged in various forms of communications, from elementary school to promotion of special events like the Conference on the Future of Europe. The intricate dilemmas of DI, where any relevant discussion requires a substantial amount of knowledge on the functioning of the EU, seem to be absent in Slovenia.
References


### Appendix 1

#### Keywords of DI

<table>
<thead>
<tr>
<th>Keyword</th>
<th>Slovenian translation</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiated integration</td>
<td>Diferencirana integracija, diferencirano povezovanje</td>
<td></td>
</tr>
<tr>
<td>Coalition of the willing</td>
<td>Koalicija voljnih</td>
<td>The keyword is in Slovenia linked only to the Iraqi war.</td>
</tr>
<tr>
<td>Two-speed Europe</td>
<td>EU/Evropa dveh hitrosti</td>
<td></td>
</tr>
<tr>
<td>Multi-speed Europe</td>
<td>EU/Evropa več(ih) hitrosti</td>
<td></td>
</tr>
<tr>
<td>Variable geometry</td>
<td>Variabilna geometrija, variabilno povezovanje</td>
<td></td>
</tr>
<tr>
<td>Core Europe</td>
<td>Države Beneluksa (+Nemčija+Francija)</td>
<td>Usually core Europe in Slovenian is “Benelux countries” (države Beneluksa) or expanded with Germany and France (+Nemčija+Francija)</td>
</tr>
<tr>
<td>Two-tier Europe</td>
<td>Dvotirna Evropa/EU</td>
<td></td>
</tr>
<tr>
<td>Concentric circles</td>
<td>Koncentrični krogi</td>
<td>In 2011 the Slovenian MFA presented the strategy that would base Slovenian FP on concentric circles. These entries were not taken into consideration.</td>
</tr>
<tr>
<td>á la carte</td>
<td>á la carte</td>
<td></td>
</tr>
<tr>
<td>Future of Europe</td>
<td>Prihodnost Evrope/EU</td>
<td></td>
</tr>
<tr>
<td>Enhanced cooperation</td>
<td>Okrepljeno sodelovanje</td>
<td></td>
</tr>
<tr>
<td>opt-out</td>
<td>opt-out</td>
<td>Does not have an established translation</td>
</tr>
<tr>
<td>Pesco</td>
<td>PESCO or PESKO</td>
<td></td>
</tr>
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Differentiated Integration: The case of the European Banking Union

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Abstract
The European Banking Union (EBU), a system of unified financial supervision, regulation and resolution, arguably represents the biggest transfer of national sovereignty in Europe since the launch of the euro. Participation in the EBU is mandatory for the Eurozone states and voluntary for the non-Eurozone states, which makes it an example of differentiated integration (DI). This article analyses the implications of DI in the context of the EBU. The central question is whether the current EBU arrangements are going to result in uniform integration or continued differentiation. After outlining the main pillars of EBU, the article discusses whether we can envision more non-Eurozone states following the examples of Bulgaria and Croatia by opting into EBU before adoption of the euro, or whether there is a risk of more division between the EBU members and non-members. The focus is on the main economic and political considerations that affect the EBU in the medium term. The article shows that only the non-Eurozone states willing to relinquish their national sovereignty in financial supervision seek to join the EBU and that in the post-Brexit EU the differentiated EBU can potentially move towards more integration.

Keywords: differentiated Integration, European Banking Union, European Union, non-Eurozone

Introduction
The European Banking Union (EBU) is a system of unified financial supervision, regulation and resolution, aiming to encompass deposit insurance. Its objective is to make the European banking market more transparent and safer, and to ensure that bank resolution takes place without recourse to taxpayers’ money (European Commission 2015). The EBU plays a crucial role in the European integration process for three reasons.

First, the EBU is a very ambitious project – by moving bank supervision and resolution to the supranational level, the EBU represents the greatest transfer of national sovereignty in the EU since the launch of the euro in 1999 (Schäuble 2013).

Second, despite the complexity of EU legislation, the EBU advanced with remarkable speed in response to the Eurozone sovereign debt crisis. The EBU was endorsed at the European Council Summit in June 2012 in order to restore financial stability. In this regard, it should be noted that the European Commission had advocated a banking union as early as in the 1960s, though the initial proposal at the time was much less ambitious and not crisis-driven (Mourlon-Druol 2016).
Third, the EBU represents a key component in the EU’s comprehensive framework of post-crisis reforms aiming for ‘a deep, genuine and fair Economic and Monetary Union (EMU)’ (Juncker et al. 2015).

The EBU-related research has, however, remained remarkably sparse, compared to the extensive literature on the monetary policy in the Eurozone. It is also noteworthy that while most of the EBU-related research has focused on unified financial supervision, EBU legislation and the links between the EBU and Fiscal Union, there has been comparatively less research on so-called Differentiated Integration (DI) in the context of EBU. This article addresses this less studied phenomenon by taking into account the perspectives of non-Eurozone states towards the EBU with the aim of examining whether the differentiated EBU will ultimately converge in uniform integration or result in further division.

The article first outlines the EBU structure in Section 1. Section 2 then positions the EBU as a case of DI. Section 3 examines the stances of non-Eurozone states on joining the EBU, while Section 4 highlights the changes since 2016 and the implications for the differentiated EBU. Section 5 concludes.

1 Towards a fully-fledged EBU

The EBU consists of three pillars: Single Supervisory Mechanism (SSM), Single Resolution Mechanism (SRM) and the common European Deposit Insurance Scheme (EDIS), all of which apply to the Eurozone members and to those non-Eurozone members that choose to join the EBU. The three pillars are supported by the Single Rulebook, which is a set of harmonised legislation applied to all financial institutions across the whole EU (European Commission 2015). As explained below, the current EBU is not yet fully-fledged.

SSM refers to unified and harmonised bank supervision. In June 2012 the Heads of State or Government of the Eurozone agreed to assign the supervisory tasks within SSM to the European Central Bank (ECB), and in November 2014 the ECB assumed its role as the principal supranational supervisor of banks. As of 1 July 2021, the ECB directly supervises 114 ‘significant banks’ in the Eurozone, while the ‘less significant’ banks in Eurozone continue to be supervised by national supervisory authorities (European Central Bank [ECB] 2021). The ECB has the authority to revise a bank’s status from ‘less significant’ to ‘significant’, in cases of potential systemic risk for the banking sector. The transfer of national sovereignty in bank supervision to a supranational institution like the ECB represents an exceptional step from the fragmented supervisory framework in the pre-crisis EU. Overall, SSM enables both early crisis prevention and minimises the possibility of bank failures, as the consistent application of high quality standards within SSM ensures that banks keep a sufficiently robust capital base, and unified supervision ensures effective risk monitoring of banks.

SRM refers to a mechanism by which the EBU ensures the efficient resolution of failing banks with minimal costs for taxpayers and the real economy. The Eurozone financial crisis pushed the EU to adopt a consistent framework for efficient resolution of cross-border banks in order to avoid the complicated and very costly bank resolutions. SRM consists of the Single Resolution Board (SRB), the administrative body established in

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1 Banks qualify as ‘significant’ if they meet at least one of the four specified criteria (asset size, economic importance, cross-border activities and direct public assistance).
January 2015 with the aim to ensure swift decision-making procedures, and the Single Resolution Fund (SRF) established in January 2016 in order to enable payment for resolution measures (European Parliament 2021). It is important to note that SRF, which is composed of contributions from banks and certain investment firms in the Eurozone, started with ‘national compartments’ that have been built up and mutualised over an eight-year period (2016–24) to reach the target level of at least one per cent of the amount of covered deposits of all banks within the EBU by 2024 (Single Resolution Board 2021). Through the completed SRF, the EBU expects to be in a position to achieve one of its primary aims: breaking the negative link between banks and sovereigns. In November 2020, progress toward SRF gathered further momentum, as the Eurozone finance ministers agreed on the early introduction of a financial backstop to the SRF in 2022, rather than in 2024, in the form of the European Stability Mechanism (ESM) (European Parliament 2021). EDIS remains to be the least advanced EBU pillar. Deposit Guarantee Schemes (DGS) used to vary greatly among EU Members but following the DGS Directive of March 2009 the minimum protection level across the EU was harmonised to 100,000 euro (per depositor, per bank) by the end of 2010. In 2014, the DGS Directive further ensured that national DGSs would have a significant level of ex-ante funding. Despite the European Commission’s legislative proposals for EDIS in 2015 and 2017, there was little progress with EDIS due to the opposition from several EU Members, notably Germany. However, in November 2019 constructive suggestions on EDIS from the German Finance Minister, Mr Olaf Scholz, ended the impasse and in December 2020 the three EU institutions confirmed the establishment of EDIS to be a legislative priority for 2021 (European Parliament, 2021).

Overall, the current EBU is expected to advance towards its fully-fledged form, and recent developments imply that this progress has gathered some fresh momentum. Centralised financial supervision and regulation together with a unified resolution framework under the current EBU already strengthen the crisis prevention and resolution capabilities of the Eurozone. The following sections examine how these benefits provided by the EBU are seen by the prospective EBU members.

2 Differentiated Integration and the case of the EBU

Differentiated Integration (DI) refers to the case when the territorial extension of EU membership and EU rule validity are incongruent (Holzinger & Schimmelfennig, 2012). Earlier theoretical work on DI explains the demand-side and supply-side factors: EU enlargements led to an increasingly diverse membership with heterogeneous integration preferences and capabilities (demand-side), while on the supply side the expansion of the EU’s policy scope led to more demanding and conflicting rules (Winzen & Schimmelfennig, 2015). DI provides a solution to...
deadlocked negotiations by allowing the Member States to cooperate at different levels of integration.

Winzen & Schimmelfennig (2015) use Member States’ strength of national identity and Member States’ wealth as the main explanatory factors of heterogeneous integration preferences.

The EBU itself is an example of DI: not all EU Members participate in the EBU, as the participation is mandatory for Eurozone states but voluntary for non-Eurozone states. Why has the EBU been differentiated from the start? Firstly, it was not feasible for the EU to include all of its Member States in the EBU due to the lack of political consensus. The UK, a long-standing opponent of closer integration, did not seek to join the EBU (Quaglia 2017). Secondly, there was a consensus that all Eurozone members should be included in the EBU (Elliott 2012). Eventually, the European Commission’s proposal to include Eurozone plus voluntary non-Eurozone participants was adopted, as it was the most feasible option for the short and medium term (Elliott 2014). The question remains, however, whether in the long run the differentiated EBU converges into uniform integration or, on the contrary, leads to further differentiation.

3 More Union or division?

The EBU includes all Eurozone countries, therefore any EU Member State that adopts the euro in the future will automatically become an EBU member. At the same time, any non-Eurozone State can join the EBU through a close cooperation agreement with the ECB under the SSM supranational framework of supervision and with the SRB under the supranational framework of resolution (ECB, 2014). The option of joining the EBU prior to euro adoption has sometimes been referred to as ‘opting in’ (International Monetary Fund [IMF] 2015).

Figure 1 shows that in May 2016 only three non-Eurozone states were positive about opting into the EBU, while four adopted the ‘wait and see’ approach and two opposed opting in. What kind of economic and political considerations do such diverging stances towards the EBU reflect? These diverse stances represent different integration preferences of these countries and thus can be viewed as the aforementioned demand-side of DI. Belke et al. (2016) assume that the countries with following characteristics are more likely to opt into the EBU: high share of foreign ownership in the domestic banking, weaker banking system and lower supervisory standards, insufficient national resolution funds, and perspective of the euro adoption in near future.

Have there been any pronounced changes in these diverse preferences of non-Eurozone states since 2016? What can be implied for the differentiated EBU in longer term? This section addresses these questions.

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7 Elliott (2012) notes that if a smaller Eurozone member was omitted from the EBU, the country would most likely encounter capital outflows, as a result of risk assessment by markets. On the other hand, if for example Germany was not part of the EBU, markets would lose confidence in the EBU.

8 The non-Eurozone members’ stances on the EBU crystallised during the first four years (the period when the EBU regulation came into force and the ECB became the supranational supervisor) since the endorsement of the EBU. 2016 is therefore chosen as the benchmark year.
3.1 Why are some non-Eurozone Member States reluctant to opt in?

Let us first examine the stances of the six non-Eurozone members reluctant to opt into the EBU in 2016. For the UK, a staunch opponent of closer integration, opting into the EBU was politically unacceptable, as it would involve supranational banking supervision and resolution (Quaglia 2017). However, the UK is no longer an EU member: the country withdrew from the EU on 31 January 2020 (in the so-called ‘Brexit’ process).

For Sweden, one of the most Eurosceptic EU Members, the loss of national sovereignty had traditionally been a contested issue and the country has remained outside the Eurozone following the 2003 referendum, in which 56% of Swedes voted against the euro adoption (Schimmelfennig et al. 2015). Consequently, preference for retaining national regulatory autonomy in crisis management of banks was one reason for not joining the EBU. Sweden was also concerned that debt mutualisation under the SRM may result in cases where Sweden (should the country join the EBU) pays for the resolution of failed non-Swedish banks (Spendzharova & Bayram 2016).

The rationale behind the “wait and see” approach displayed by the Czech Republic, Croatia, Hungary and Poland can be summarised as follows. First, these countries do not have an imminent need for opting into the EBU, as their capabilities in national bank supervision proved sufficiently strong and credible during the European financial crisis (Profant & Toporowski 2014). Therefore, the transfer of national authority in
supervision and resolution to the supranational level has not become a prominent issue in the economic and political discourse (Profant & Toporowski, 2014; Kisergely & Szombati, 2014). Second, as the EBU is not yet fully-fledged, and several policies and mechanisms of SRM have remained largely untested, these four non-Eurozone countries deemed it risky to participate in relatively new EBU mechanisms (Kisergely & Szombati 2014; Belke et al. 2016). Third, these countries were concerned about the imbalance between non-Eurozone and Eurozone members within the differentiated EBU (Profant & Toporowski 2014). To be precise, these countries advocated for equal participation in the decision-making process of SSM, as under the current arrangements, only Eurozone states can have a seat in the ECB Governing Council, the highest decision-making body in SSM. Furthermore, should non-Eurozone states opt into the EBU, they would not gain access to fiscal backstops and liquidity support, as under the current SRM arrangements such access is available only to Eurozone states.

It should be added that in the light of Hungary’s as well as Poland’s strained political relations with the EU in the last few years, these two countries are not expected to opt into the EBU. Some studies identify Hungarian and Polish policies that promote national interests in banking as ‘banking nationalism’ and indicate that such policies are incompatible with the EBU (Mero & Piroska 2016). Let us now examine how the EU addressed the imbalance between non-Eurozone and Eurozone EBU members. Regarding the decision-making process of SSM in the differentiated EBU, due to treaty constraints there is no change to the stipulation that only Eurozone states have a seat in the ECB Governing Council. However, non-Eurozone states that opted into the EBU are able to participate in the ECB Supervisory Board, which prepares final decisions related to banking supervision (Belke et al., 2016). Furthermore, to prevent Eurozone members from imposing rules on non-Eurozone members, the European Banking Authority (EBA) voting reform introduced a double-majority voting system, whereby a dual majority from EU Member States inside and outside the EBU is required for implementing EBA decisions (Quaglia 2017). Despite this compromise in voting modalities, some non-Eurozone members remain concerned about full participation in the EBU decision-making, which then impacts their decision of not opting into the EBU (Spendzharova & Bayram, 2016).

Regarding access to fiscal backstops and liquidity support at times of crisis, non-Eurozone EBU members are unable to access funds for direct bank recapitalisation from the ESM, as the ESM Treaty is open only to Eurozone members, and political constraints hinder any future change in the Treaty (IMF 2015; Belke et al. 2016). Consequently, should banks in a non-Eurozone EBU member face a liquidity crisis, liquidity could be granted only via repo or swap lines (IMF 2015).

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9 The quoted study mentions reshaping banks’ ownership structures in Hungary and (to a lesser extent) in Poland as some examples of banking nationalism.

10 This safeguard will end once there are less than four non-EBU members (Quaglia 2017).

11 Unlike Sweden and Poland, Denmark views the SSM arrangements positively: “It is assessed that the difference in access to the Governing Council will not in practice constitute a significant challenge for non-euro area Member States participating in the Banking Union...it is the assessment that the structure of the Banking Union secures equivalent terms of participation of non-euro area Member States.” (Danish Ministry of Industry, Business and Financial Affairs 2019, pp.9-10).

12 Liquidity provisions by ECB to non-Eurozone members via repo or swap lines are evaluated on a country-by-country basis and subjected to monetary policy considerations.
Through the above-mentioned measures the EU found a balanced solution that at least partially reduced the imbalance between non-Eurozone and Eurozone members of the EBU. There is also a safeguard in the form of an exit clause enabling non-Eurozone states (but not Eurozone members) to withdraw from the EBU (IMF 2015).

3.2 Motivations for opting into the EBU

In 2016 Denmark, Romania and Bulgaria were all positive about opting into the EBU. Before explaining each country’s stance, it should be pointed out that Denmark has secured an opt-out from adopting the euro.

The Danish Central Bank identified several reasons why joining the EBU would be in the country’s interest (Danmarks Nationalbank [DNB] 2015). First, the SSM would strengthen financial supervision in Denmark and the country would be able to influence the development of supervisory standards. Denmark in particular stressed the importance of taking national specifics into account in the EU regulations due to having a large mortgage credit sector with a specific business model. Second, SRM would provide a more efficient and credible framework for crisis management\(^{13}\). Moreover, according to Denmark’s assessment, the EBU has measures for limiting the risks that resolution costs of failed banks in an EBU member would transfer to other members. Third, uniform supervisory standards ensure a more level playing field and reduce regulatory costs, which is mainly relevant to banks with cross-border activities. Finally, the Report by DNB gives some caveats about expected costs of non-participation in the EBU, notably a possible negative impact on Danish banks’ funding. Market participants are expected to view the EBU participating and non-participating countries separately. Should the Danish banks remain positioned outside the scope of the SSM and its unified supervisory standards, it is expected that international investors will compare Danish banks with banks in other Western and Nordic non-Eurozone states (UK, Sweden and Norway), while at the same time there would be an extra cost for the investors to follow Denmark-specific rules in supervision\(^{14}\).

From Romania’s perspective, there are many drawbacks to staying outside the EBU. Should a bank crisis occur while Romania is outside the SRM, the country is likely to be vulnerable to financial contagion and its national resources for crisis resolution insufficient (Linhardt, 2014a). Romania also seeks to join the EBU in order to have some influence on decision-making related to banking regulation (Georgescu 2013). Market experts have stressed that Romania needs independent and transparent banking supervision (Goranitis 2020). Moreover, similarly to other Central and East European Countries (CEECs), Romania’s banking sector is dominated by foreign-owned banks (predominantly banks from the Eurozone), which makes joining the EBU a natural choice. In this regard, joining the EBU is expected to mitigate or even eliminate the host/home coordination issues in bank supervision\(^{15}\). For all these reasons, opting into the EBU is considered to match the country’s national interest.

\(^{13}\) In this regard, the Report also notes that the fully mutualised SRF, which was estimated to reach 55 billion euro in the original plan for 2024, would be about 45 times the size of the Danish national fund (DNB 2015, p.45).

\(^{14}\) Compared to Denmark, the mentioned countries tend to have stricter capital requirements for banks and tighter rules for measuring credit risks on mortgage credit (DNB 2015, p.48).

\(^{15}\) Subsidiaries of foreign-owned banks tend to be systemically important in host countries (e.g. Romania), while not systemically important in the foreign bank’s home country (e.g. Italy). This had frequently led to the so-called ‘home/host coordination problem’. However, in terms of size most foreign-owned subsidiaries in CEECs usually
Bulgaria officially announced its willingness to join the EBU in July 2014 and the perceived benefits of SSM, such as centralised high-level supervision enabling efficient crisis prevention, seem to have influenced this decision. This followed the banking crisis in the country: in June 2014, the Corporate Commercial Bank (CCB), the fourth largest Bulgarian bank in terms of assets, experienced a sudden run on deposits after some political instability. Then, the First Investment Bank, the third largest bank in terms of assets, also experienced a run on deposits due to a deliberate and systemic criminal attempt to disrupt the banking system (Cristova-Balkanska 2014). Depositors removed deposits from these two banks to some foreign-owned banks in Bulgaria, which they perceived to be safer (Linhardt, 2014b). Moreover, the Bulgarian National Bank’s Deposit Insurance Fund had insufficient funds to cover depositors from CCB, which prompted intervention by the European Commission. Following these developments, Bulgaria strongly needed a credible external assessment of its banks, which would be provided by the ECB’s Comprehensive Assessment (CA) once the country joins the EBU, as well as implementing an effective bank resolution system, which would be provided within the SRM (Linhardt 2014b).

4 Dynamic aspects and implications for the future of a differentiated EBU

As shown above, economic considerations linked with political dimensions define countries’ positions vis-à-vis the EBU. However, just as the EBU evolves, these positions are bound to change over time, which in turn may lead either to a more integrated or more divided EBU. The following four main dynamic aspects are expected to shape the EBU in the course of time.

4.1 Brexit

Brexit inevitably creates new power dynamics in the EU, and by stimulating the non-Eurozone states to revisit their stances on the EBU may potentially even affect the propensity of at least some of these states to opt into the EBU. Since the Eurozone has much greater weight in the post-Brexit EU, non-Eurozone states may, for instance, find themselves in a weaker negotiating position inside the EBA (Tokarski & Funk 2019). Both Denmark and Sweden have each conducted detailed analyses assessing the costs and benefits of the EBU membership for their respective economies. In both countries, opting into the EBU is starting to be viewed as a way to offset the trends towards their post-Brexit marginalisation (Danish Ministry of Industry, Business and Financial Affairs 2019; Riksbank 2020). The latest review of Denmark’s possible participation in the EBU concludes that Denmark could retain its mortgage credit model within the EBU and, overall, the review reiterates that Denmark would benefit from opting into the EBU (Danish Ministry of Industry, Business and Financial Affairs 2019). However, Denmark postponed a definite decision on joining, as the EBU continues to work on additional elements (e.g. EDIS) and Denmark requires more clarification on its alliances in the economic area as a non-euro state.16

The Swedish Central Bank (Riksbank) assesses that the EBU’s supranational framework for supervision and resolution would benefit Swedish banks with cross-

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16 From the recent review, it is evident that Denmark closely watches Sweden’s position vis-à-vis EBU (Danish Ministry of Industry, Business and Financial Affairs 2019, p.18).
border activities more than the equivalent national mechanisms and evaluates the safeguard mechanisms for non-Eurozone members as ‘not insignificant’ (Riksbank 2020). Overall, Riksbank concludes that Sweden would benefit from the EBU membership, however, the final decision on participation should be made by politicians.

It is evident that owing to Brexit, the remaining non-Eurozone members have become increasingly aware of other countries’ stances towards the EBU, and that there are also indirect market pressures on banks to seek inclusion in the EBU.\(^\text{17}\)

### 4.2 Tangible Results

Over the past six years the EBU has achieved numerous tangible results, which may make non-Eurozone states more inclined to consider opting in. First, supervision under the SSM has proved to be strong and consistent and helped to reduce risks in the banking sector (European Commission 2019).\(^\text{18}\) It is not only the ex-socialist non-Eurozone states that stand to benefit from the significant resources and extensive supervision experience accumulated by the SSM.\(^\text{19}\) Following the recent money laundering scandals in Scandinavia and amidst the heightened cyber threats on banks, the advantages of EU-level supervision have been highlighted.\(^\text{20}\) Second, financial markets reacted positively to the SRB’s June 2017 resolution decision on Banco Popular, a failed Spanish bank. Efficient resolution of cross-border banks under SRM is relevant especially to Sweden and Denmark, both home countries of cross-border banks.\(^\text{21}\) Third, the ECB’s Governing Council has so far not objected to any decisions of the Supervisory Board, which implies that, contrary to initial expectations, non-participation in the Governing Council would not in practice be problematic for the non-Eurozone EBU members (Danish Ministry of Industry, Business and Financial Affairs 2019).

### 4.3 EBU Enlargement

From 1 October 2020 both Bulgaria and Croatia joined the SRM in parallel with joining the SSM (Single Resolution Board 2020).\(^\text{22}\) This unprecedented enlargement of the EBU by non-Eurozone countries is a historic milestone despite its low public and political visibility amidst the ongoing COVID-19 pandemic. Moreover, on 10 July 2020, the ECB announced that both countries were also admitted to the Exchange Rate Mechanism (ERM) II, which brought them one step closer to Eurozone membership.\(^\text{23}\)

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\(^{17}\) The Riksbank’s consultation response explicitly says that “the increasing number of countries entering the banking union, provide, in itself, an argument for Sweden to do so too” (Riksbank 2020, p.18). It also notes how in 2018 Nordea Bank moved its headquarters to Helsinki to benefit from the advantages of being within the EBU (Riksbank 2020, p.12).

\(^{18}\) Similarly, Denmark points out that the SSM would mean “additional eyes” on the country’s largest banks and would strengthen supervision and enhance comparability (Danish Ministry of Industry, Business and Financial Affairs 2019, p.5).

\(^{19}\) Jensen and Schoenmaker (2020) describe the benefits of the SSM for Denmark and Sweden.

\(^{20}\) Bjerregaard and Kirchmaier (2019) provide an overview of the Danske Bank money laundering scandal. According to Riksbank (2020), capabilities of the Swedish national authority in addressing the cyber risks cannot match those of ECB.

\(^{21}\) As Jensen and Schoenmaker (2020) note, both countries cannot provide a credible fiscal backstop to their large banks.

\(^{22}\) From the same date, five Bulgarian banks and eight Croatian banks will be subject to the ECB’s direct supervision.

\(^{23}\) ERM II is a mechanism ensuring that the exchange rate fluctuation between the euro and a currency of the ERM II member (in this case, Bulgarian Lev and Croatian Kuna) remains within a standard fluctuation band in
There are four main implications for the future of EBU. First, the simultaneous joining of the EBU and ERM II, which had not been originally included in the EBU regulations, may from now be used as a precedent for others, as European leaders intend to follow a similar approach in the future (Eurogroup 2019). Second, under such an approach, the number of potential opt-ins may remain limited. Incentives for joining the EMU and those for opting into the EBU actually converge in the cases of Bulgaria and Croatia due to certain characteristics in their banking and exchange rate systems (Nieto & Singh 2021). Romania would appear as the most likely candidate to seek the concurrent inclusion into the EBU and ERM II, as the country has been adjusting its target year for euro adoption and remains interested in the EBU opt-in. However, the simultaneous participation is an unlikely prospect for others: as mentioned previously, Denmark has a permanent opt-out from the Eurozone, while Sweden views the EBU participation separately from participation in EMU. The economies of Poland, Hungary and the Czech Republic have moderately converged with the Eurozone (See Appendix), but none of these states currently seeks to join ERM II or EBU (Plevak 2021). It remains to be seen to what extent the post-2020 convergence facility proposed by the European Commission incentivises euro adoption (European Commission 2018). Table 1 summarises the current stances on the EBU.

Third, due to simultaneous participation in the EBU and ERM II, the argument of adverse selection in EBU becomes somewhat weaker. Bulgaria and Croatia, both EU latecomers, had to implement wide-ranging reforms in their financial sector and public sector governance, harmonise their national regulations with ECB requirements, and their banking sectors underwent a CA in line with ECB standards (Croatian National Bank 2019b).

Last but not least, Croatia’s case illustrates how a country can change its stance on the EBU in a relatively short timeframe of three years. Croatia started to see its EBU opt-in as a precondition for the euro adoption, to which Croatia has been firmly committed since its EU accession (Croatian National Bank 2019a).

Table 1  
Stance of each non-Eurozone State on EBU (as of November 2021)

<table>
<thead>
<tr>
<th>EBU member (since 2020)</th>
<th>Positive about joining EBU (with euro adoption plans)</th>
<th>Positive about joining EBU (no euro adoption plans)</th>
<th>Not inclined to join EBU (nor adopt euro)</th>
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<tr>
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<td>Romania</td>
<td>Denmark</td>
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<td>Croatia</td>
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<td>Sweden</td>
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order to prevent disruption of the economic stability of the Single Market. In order to adopt euro, a country needs to stay within the ERM II for at least two years and meet all the Maastricht criteria of economic convergence.

24 The original target year (2024) was postponed to 2027–28, as Romania currently does not meet any economic criteria for euro adoption (CDE News 2021).

25 Riksbank explicitly states that the two memberships are entirely different (Riksbank 2020, p.7).

26 The case when the EBU voluntary opt-ins are the states most likely to need assistance from other EBU members (Castaneda et al. 2016, p.11).

27 From the government’s viewpoint, the EBU opt-in is likely to strengthen the case for the euro adoption in the target year of 2023.
4.4 Completion Talks

After years of little progress, remaining parts of the EBU are gaining track in political discourse. This article pointed out the recent progress with the SRF and activated talks on EDIS, and that there is evidence that the EU remains fully committed to the completion of EBU (Eurogroup, 2021). At the same time, it is clear that continuing political talks are needed to surmount the differing stances among the Eurozone members. The progress with completing the EBU is closely watched by Sweden and Denmark, and both countries have now forged closer links with several Eurozone members in the form of the New Hanseatic League (Tokarski & Funk 2019).

5 Conclusion

This article examined DI in the context of EBU by explaining the differing stances on the EBU held by non-Eurozone states in 2016 and then by showing the most important dynamic changes of the past five years. The article also showed that the EBU opt-ins tend to be the so-called EU latecomers (Bulgaria, Croatia, with Romania being a prospective future EBU member), countries that positively evaluate the benefits of SSM and SRM and also view the EBU opt-in as a first step towards euro adoption. At this point, the EBU opt-in remains a distant prospect for Hungary, Poland and the Czech Republic, as their governments stay protective of national sovereignty in financial supervision.

The article highlighted the four factors that help set in motion a set of dynamics that in the longer term favours the move of a differentiated EBU towards more integration over the move towards more division.

The EU can in some ways incentivise opting into the EBU: this article illustrated some measures and safeguards that reduced the imbalance between the non-Eurozone and Eurozone EBU members. The article also pointed out that the future of the differentiated EBU was likely to be shaped by the EU approach: should the EU expect the prospective EBU members to follow the cases of Bulgaria and Croatia by joining simultaneously the EBU and ERM II, the number of future EBU members may remain limited, as both Sweden and Denmark (the countries that evaluate the EBU positively) would most likely seek only inclusion into the EBU without concrete plans to adopt the euro.

Future research could analyse the prospects of euro adoption by non-Eurozone states in the post-Brexit EU and the EBU’s significance for the banks’ competitive position.

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28 Formed in 2018, the New Hanseatic League (Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands, Sweden and Denmark) supports the compliance with common rules and keeping the EBU open to non-Eurozone. This alliance is a successful joint representation of Eurozone and non-Eurozone states and was formed mainly due to the impending Brexit.
References


European Central Bank (ECB). (2014). *Single Supervisory Mechanism: ECB Decision governing the procedures for close cooperation* [Fact sheet].


### Appendix

**Economic indicators of convergence for the seven non-Eurozone states**

<table>
<thead>
<tr>
<th>Country</th>
<th>HICP Inflation (average annual % change)</th>
<th>General government surplus (+) / deficit (-) (as % of GDP)</th>
<th>General government debt (as % of GDP)</th>
<th>Long-term interest rate (average annual rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>2.6</td>
<td>2.5</td>
<td>2.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Croatia</td>
<td>1.6</td>
<td>0.8</td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td>Romania</td>
<td>4.1</td>
<td>3.9</td>
<td>3.7</td>
<td>-2.9</td>
</tr>
<tr>
<td>Czech R.</td>
<td>2.0</td>
<td>2.6</td>
<td>2.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Hungary</td>
<td>2.9</td>
<td>3.4</td>
<td>3.7</td>
<td>-2.1</td>
</tr>
<tr>
<td>Poland</td>
<td>1.2</td>
<td>2.1</td>
<td>2.8</td>
<td>-0.2</td>
</tr>
<tr>
<td>Sweden</td>
<td>2.0</td>
<td>1.7</td>
<td>1.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Reference value</td>
<td>1.8</td>
<td></td>
<td>-3.0</td>
<td></td>
</tr>
</tbody>
</table>

Note: Indicators exceeding the reference value for 2020 are marked in bold. Besides these nominal convergence criteria, exchange rate developments are monitored and national legislation must fulfill required criteria. Source: ECB 2020, p.44.
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