

Main Drivers and Policy Options for a Differentiated EU: A Scenario-Based Exercise

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ABSTRACT

The rise of differentiation is one of the most enduring, if not defining, features of the EU and one of the most crucial matters to address in discussing the future of the Union. Hence, the central question is not whether there will be a differentiated Europe, but how the differentiation mechanisms across policy areas will affect EU future developments over time. Will they contribute to the EU's fragility or, on the contrary, could they enhance the Union's resilience by introducing a useful degree of flexibility? Against this backdrop, we engaged a group of experts composed of stakeholders from EU and national institutions and research centres at the DiCE Scenario Marathon, which was held in Brussels on 6–7 October 2022. The main results of that exercise are presented in this paper, further developing the underlying opportunities and threats and available strategic options for stakeholders.

*European Union | EU integration | Strategic foresight | Crisis management
| Russia | Ukraine*

keywords

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by Matteo Bonomi and Nicoletta Pirozzi*

Introduction

Notwithstanding the European Commission's efforts to embed strategic foresight and scenario-building practices into EU policy making,¹ future-oriented analyses still remain at the margin of European public discussion and academic debates. An exception is the recent flourishing of a body of studies on differentiated integration, through which EU scholars and pundits have reacted to the traumatic UK vote on leaving the EU and the ensuing institutional reflection on the future of the EU27, which has culminated in the process of citizen consultations at the Conference on the Future of Europe.

¹ The European Commission has made use of foresight for many years and now is more and more trying to embed strategic foresight and scenario-building practices into EU policy making. Strategic foresight in support of EU policy making was first developed under President Jacques Delors' Cellule de Prospective. Since then, strategic foresight and modelling have informed many EU policies. In 1999, the Forward Unit of the European Commission broke new ground by developing, for the first time, five "well-written narrative scenarios" to investigate the future of Europe and possible developments between 2000 and 2010 (see Gilles Bertrand, Anna Michalski and Lucio R. Pench, *European Futures. Five Possible Scenarios for 2010*, Cheltenham/Northampton, Edward Elgar, 2000). Strategic foresight and scenario-building is becoming an integral part, for instance, of the Commission's ex ante impact assessments within the Better Regulation toolbox, to ensure that EU policies draw on a clear understanding of possible future trends and challenges. Moreover, strategic foresight and scenario planning will help foster participatory and forward-looking governance, as is currently happening in the context of the European Strategy and Policy Analysis System which aims to foster EU-wide foresight networks in an interactive and systematic way.

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Indeed, Brexit was immediately understood by scholars as a unique instance of differentiated disintegration, questioning common assumptions about future trajectories of EU integration and conditions for further differentiation across Europe. The 60th anniversary of the Treaty of Rome and the European Commission's *White Paper on the Future of Europe*² stimulated academics to enquire into scenarios of differentiation and analyse their impact on the EU's ability to deliver results. Lastly, the need for renewed perspectives on the future of Europe was at the centre of the Conference on the Future of Europe, in which the notion of differentiated integration appeared key to allow the EU to have a sufficient degree of flexibility to accommodate the preferences expressed by its citizens.³ Thus, all in all, these three critical moments of recent European history triggered a forward-looking discussion, bringing to the fore the still crucial questions on how various forms of differentiation could affect the sustainability, effectiveness and legitimacy of the EU.

Against this backdrop, we have tried to gather some of the main answers to these questions provided by EU scholars and experts, as part of the Horizon 2020 project Differentiation: Clustering Excellence (DiCE).⁴ The members of the research team have first collected and made available a number of studies on future scenarios and trajectories of differentiation through the DiCE Differentiation Manual⁵ and the online portal DifferentiGate.⁶ Secondly, they have constructed an ideal-type methodology for classifying these prospective studies⁷ and conducted the actual mapping of the main projections contained therein against manifold alternative scenarios of differentiation and differentiated integration in Europe.⁸ Finally, the outcomes of this mapping were tested with policy makers and stakeholders, from EU and national institutions and research centres, at the DiCE Scenario Marathon in Brussels in October 2022.⁹ This group of experts were asked to identify and assess the main drivers that could potentially lead to EU scenarios of differentiated integration and differentiated disintegration by 2032. The main results of that exercise are presented in this paper, further developing the underlying opportunities and threats as well as available strategic options for stakeholders.

² European Commission, *White Paper on the Future of Europe. Reflections and Scenarios for the EU27 by 2025* (COM/2017/2025), 1 March 2017, <https://data.europa.eu/doi/10.2775/66626>.

³ Nicoletta Pirozzi, "The Conference on the Future of Europe: Tackling Differentiated Integration", in *IAI Commentaries*, No. 21|21 (March 2021), <https://www.iai.it/en/node/13043>.

⁴ See DiCE website: *About*, <https://www.dice.uio.no/about>.

⁵ See DiCE website: *What Is Differentiated Integration and What Is Differentiation?*, <https://www.dice.uio.no/differentigate/what-is-di>.

⁶ See DiCE website: *DifferentiGate*, <https://www.dice.uio.no/differentigate>.

⁷ Michelangelo Freyrie and Johannes Gabriel, "Mapping Differentiation Scenarios: An Ideal-Type Methodology for Prospective Studies from the DiCE Network", in *DiCE Deliverables*, No. 3.1 (2021).

⁸ Matteo Bonomi, "Mapping Scenarios of Differentiated EUrope 2025–2035", in *IAI Papers*, No. 23|04 (January 2022), <https://www.iai.it/en/node/16511>.

⁹ See DiCE website: *DiCE Scenario Marathon Held in Brussels*, <https://www.dice.uio.no/news/2022/dice-scenario-marathon-held-in-brussels.html>.

In order to underline the relevance of future-oriented analyses in a complex and unstable international context, we start by assessing the impact of the war on Ukraine on European integration and prospects, and the need to elaborate wide-ranging strategic options for policy makers. The paper follows up by discussing the main drivers of integrative and disintegrative scenarios for a differentiated EU in the next decade, as they emerged from the interaction with stakeholders in Brussels. Finally, it presents the opportunities and threats of differentiation identified through the DiCE Scenario Marathon and key strategic options for policy makers derived by them.

1. Scenarios of a differentiated Europe in the context of war

Whereas recent literature on the future of Europe and differentiated integration developed mostly in reaction to the traumatic Brexit event and the ensuing debates on EU institutional reforms, the Russian invasion of Ukraine on 24 February 2022 is having a major impact on European integration and its prospects, also affecting our scenario-based exercise on differentiated integration. With the return of war on European territory, in fact, many of the basic assumptions of the EU's global vision and action have been shaken while the Union's strategic dependences have been exposed, from the economy to energy and defence. All this highlights the importance of strategic thinking and future-oriented analyses, and impacts our work in at least four fundamental ways.

First, as uncertainties connected with the Russian war against Ukraine have shown on a daily basis, individual and erratic events may have massive impacts on the unfolding of the future. The trajectory of a deflected missile hitting an EU country or the decisions of voters determining the colour of a chamber on the other side of the Atlantic might have far-reaching implications across a widened and more dangerous array of possibilities. All this reflects the nature of war as an extreme modality of human behaviour and impacts our strategic foresight exercise as well. The latter appears, in fact, much less about predicting an uncertain future, but rather as a tool to systematically reflect on (and possibly prepare for) future possibilities whose uncertainties have become even more profound due to the war and its potential consequences.

Second, the urgencies connected with war have made trade-offs between short- and long-term options even more relevant. Indeed, the war has pressed EU leaders to undertake immediate decisions in order to react to the Russian invasion of Ukraine that will generate long-lasting consequences. In this regard, they have shown an unexpected degree of unity to support Ukraine and contain Russia. The EU leaders have even broken long-standing taboos on migration and weapons supply, with the unprecedented decisions to activate the Temporary Protection Directive for Ukrainian refugees (which was adopted following the conflicts in the former Yugoslavia, but was never actually used before) and to provide a third country with weapons (through the so-called "European Peace Facility"). And yet,

actions undertaken so far can hardly be described as having triggered any deep process of central capacity building at the European level or having helped resolve long-standing dilemmas concerning the EU's future. As convincingly argued by Philipp Genschel, the enlisting of pre-existing national capacities has been the first line of collective defence, while EU institutions have had, so far, a role of facilitating that coordination.¹⁰ At the same time, when national capacities were low, the EU has not necessarily or automatically appeared as the optimal scale of reinsurance, as clearly illustrated by the recent decisions of Finland and Sweden to apply for NATO membership. Against this backdrop, it is clear that future-oriented analysis could contribute to better exploring future possibilities, eventually helping us reconcile short- and long-term impacts of our choices.

Third, the war and the ensuing offering of candidate status to Ukraine and Moldova (and potentially Georgia) represent dramatic turning points of recent European history that also upset academic discussion and expectations on differentiated integration and the future of Europe. Indeed, the recent flourishing of studies on differentiation emerged, for the most, as a direct reaction to Brexit, and have often looked for manifold modes of differentiation and cooperation to accommodate EU relations with third countries. The war and the opening of accession perspectives for the Associated Trio have, however, provided new impetus to the EU's enlargement process and triggered strong demands across Europe for de-differentiation in the EU's external dimension. As a result, Europeans are today confronted with a completely new reality, where probably much smaller space will be left for an ambiguous stance in EU relations with third countries in its surroundings (and vice versa). Today, the key issue seems no longer to be how to accommodate EU relations with a former member state, but rather how to make the new process of EU enlargement work. In particular, in connection to differentiated integration, the questions are how to make this process of external de-differentiation effective, sustainable and legitimate, and whether forms of (external) differentiation could possibly be instrumental to such a scope.

Lastly, all this allows us to clarify some of the objectives of our scenario-based exercise on a differentiated EU. The exercise is a heuristic tool meant to contribute to and stimulate today's discussion, possibly helping undertake choices that are robust enough in front of a wide array of possible differentiated EU futures. Our exercise should, in particular, aim at systematically reflecting on an uncertain future and broaden our expectations about future institutional possibilities; assess key drivers that might affect one outcome or the other with particular attention devoted to trade-offs and the role of differentiation; and help understand opportunities and threats of manifold alternatives.

¹⁰ Philipp Genschel, "Bellicist Integration? The War in Ukraine, the European Union and Core State Powers", in *Journal of European Public Policy*, Vol. 29, No. 12 (2022), p. 1885-1900, DOI 10.1080/13501763.2022.2141823.

2. Differentiated EU 2032: Main drivers of integrative and disintegrative scenarios

The future is uncertain by definition and the future of the EU is no exception. EU integration will be shaped by the complex interaction of structural factors and human agencies, local and global dynamics, as well as intended and unintended consequences of purposeful actions.¹¹ And yet, we can already say with a reasonable degree of certainty that by 2032 the future of European integration will be differentiated. The rise of differentiation is, in fact, one of the most enduring, if not defining, features of the EU, which can be ascribed to the dual transformation undergone by the European Communities from the late 1980s and early 1990s – first, from an economic community to a (differentiated) political union, including core state powers;¹² and second, through the adoption of the new, ambitious enlargement agenda that followed the end of the Cold War.

Today, for good or ill, differentiation has become an established feature of European integration and one of the most crucial matters to address in discussing the future of the Union.¹³ The Eurozone, the Schengen area, as well as the (more or less formalised) initiatives of EU cooperation in security and defence, represent long-term projects of differentiation among EU member states, which will continue to be pivotal in affecting future trajectories of EU institutional developments. All this also connects to the debate on the design and evolution of manifold models of cooperation between the EU and its member states as well as accession and neighbouring countries, and beyond – an increasingly important dimension of differentiation given the unstable strategic environment of the EU and the renewed impetus of EU enlargement policy.

Hence, the central question is not whether there will be a differentiated Europe, but how the differentiation mechanisms across policy areas will affect EU future developments over time. Will they contribute to the EU's fragility or, on the contrary, could they enhance the Union's resilience by introducing a useful degree of flexibility? This leads to the related question of what form of differentiation could propel European integration forward – as a whole and in specific policy areas – and under what conditions differentiation should be avoided instead to prevent incoherence, political tensions and potential disintegration.

¹¹ Paolo Chiochetti, "Models of Differentiated Integration: Past, Present, and Proposed", in *EUI RSC Working Papers*, No. 2022/09 (2022), <https://hdl.handle.net/1814/74191>.

¹² Philipp Genschel and Markus Jachtenfuchs, "More Integration, Less Federation: The European Integration of Core State Powers", in *Journal of European Public Policy*, Vol. 23, No. 1 (2016), p. 42-59, DOI 10.1080/13501763.2015.1055782.

¹³ Nicoletta Pirozzi and Matteo Bonomi, "Governing Differentiation and Integration in the European Union: Patterns, Effectiveness and Legitimacy", in *The International Spectator*, Vol. 57, No. 1 (March 2022), p. 1-17, <https://doi.org/10.1080/03932729.2022.2038424>.

Against this backdrop, we engaged a group of experts composed of stakeholders from EU and national institutions and research centres at the DiCE Scenario Marathon, which was held in Brussels on 6–7 October 2022. Our experts were confronted with three sets of raw scenarios of EU differentiation and integration by 2032 (see Appendix) in order to identify the main drivers that, accordingly to their views, could potentially lead the EU towards the extreme integrative and disintegrative scenarios. The three sets of scenarios were based on the studies collected in the DiCE portal and on the mapping of the 259 projections of possible EU trajectories presented in the studies under consideration. They span across various modes of integration and differentiation and three main policy areas – namely the Economic and Monetary Union and the single market; EU foreign, security and defence policy; and the area of freedom, security and justice, including migration.

2.1 Main drivers of disintegrative scenarios

Confronted with raw scenarios of EU differentiated disintegration, each sub-group of experts has focused on a specific policy area and worked on developing these extreme EU scenarios for 2032, trying to identify the conditions for disintegrative tendencies to prevail, with particular attention devoted to the assessment of the role of mechanisms of differentiation within these potential trajectories. More specifically, they were first asked to complete those raw scenarios of EU differentiated disintegration by developing them in detail and elaborating further plausible assumptions under those conditions. Secondly, they were asked to identify the concatenations of (formative) events that could prelude those extreme scenarios, and link them retrospectively to our present. Lastly, they were asked to assess threats and opportunities connected with those potential developments and to elaborate strategic options.

Based on our experts' "histories of the future", there are three main drivers that we can identify as most relevant (plausible) factors that could possibly lead the Union towards more fragmentation and even disintegration through differentiation. These three key drivers find roots in current challenges and the potential failures by Europeans to successfully deal with them. In particular they connect to the risks of not finding long-lasting solutions and ways out in managing the current Russian war in Ukraine, the incapacity of European societies to withstand geo-economic competition and, finally, failures in renewing democracy and institutions.

Not surprisingly, a prominent role among the drivers of disintegration was attributed by our experts to the prolongation of the current Russian war and its long-lasting consequences. In particular, the ensuing energy crisis and high inflation, together with the emergence of new interrelated crises (from food security to new social and political crises), could erode the initial agreement among member states and push long-term divisions over Russia. In fact, the drive towards a strong unitary reaction and central capacity building has met internal resistance and veto initiatives by member states, such as in the cases of the joint arms procurement proposal, common gas price cap or instruments to finance the

reconstruction of Ukraine.

All this would bring about far-reaching consequences for intra-EU cohesion across policy fields. The consequences of war could generate prolonged economic crisis that could put under pressure the single market and the fiscal sustainability of some member states, especially among those participating in the European Monetary Union. It could also put to severe test the resilience of the Schengen Area as a consequence of the further weaponisation of refugee inflows to Europe by Russia and other EU rivals. In addition, the potential materialisation of a frozen conflict scenario between Russian and Ukraine, with no clear peace in sight, could further undermine intra-EU consensus and coordination, pushing groups of member states to undertake foreign policy initiatives outside the EU's common institutional framework and, thus, without clear checks and balances or accountability mechanisms.

Other key drivers of disintegration identified by our experts are the product of further cumulation of delays in the digital and green transitions in the years to come, potentially linked also to the consequences of the war and the intensification of geoeconomics and geostrategic competition. These developments could be the result of both the prevailing neo-liberal approach and protectionist tendencies, with the emergence of new state interventions, undermining free market competition within the EU.

As a result, this could push Europeans even more to the margins of the ongoing technological transformations, fuelling intra-European rivalries and increasing asymmetries among the member states and their vulnerabilities to external shocks. Such developments would increase the risks of further delays to the ecological transition and create further vulnerabilities, which could also offer easy inroads to other international actors to exert influence and pressures on the EU and its member states.

A third group of disintegrative drivers identified by our experts have to do with the further erosion of democracy in Europe and the weakening of the EU public sphere. In particular, the inability to reform an ineffective decision-making process at the EU level, where veto rights by the member states persist, together with an unclear division of power (horizontal and vertical) and lack of effective accountability mechanisms, could easily feed into regressive, nationalistic and illiberal forces across Europe. In such a context, differentiation could contribute to these developments by providing for a proliferation of differentiated arrangements within and outside the EU legal framework without clear governance and accountability.

All these factors could bring about new divisions between North and South, centre and periphery, bigger and smaller, borderland and core EU countries. As a result, by the year 2032, some of the key achievements of the EU could have been dismantled: a number of countries might have left the Euro and returned to national currencies; the Schengen Area could have been permanently suspended;

or the European common approach on foreign policy and defence matters may have been completely jeopardised by divergences among the member states and rising dependence on external actors.

And yet, it is difficult to imagine that all these trends will materialise together, or lead to a complete disruption of EU institutions and a collapse of the integration project. On the contrary, the dismantling of some parts of the Union could go hand-in-hand with the continuation of “business as usual” in other parts. Individual projects of EU integration could even thrive. For instance, the single market could be even further developed and widened through new free trade agreements providing privileged access to third countries.

This would be reflected in EU external relations that are dominated by market relations between the EU and its neighbourhoods, with little advancement in EU enlargement policy. In such a context, the EU risks showing little capacity to govern structural deficiencies of such relations with its surroundings, or to correct negative externalities and, ultimately, provide for common positive agendas.

Overall, the main disintegrative drivers recognised through our exercise are not leading towards an “end of Europe” scenario, which remains implausible. The main risk is instead posed by a Union incrementally drifting toward a suboptimal institutional architecture and a fragmented political order. In this context, a key factor would be the recourse to differentiation, even if the borders between differentiated integration and differentiated disintegration become fuzzier and less clear.

2.2 Main drivers of integrative scenarios

Turning to the integrative scenarios, we asked other sub-groups of experts to do the same exercise but this time by focusing on the extreme pro-integrative scenarios, combining various patterns of homogenous and differentiated integration across EU policy fields. Also in this case, we can identify the main drivers steering our experts’ “histories of the future”. In particular, the three main drivers connect to EU leaders’ readiness to find reasonable compromise in their approach to economic policy, to show maturity in taking (more) responsibilities for collective security and to maintain a flexible approach in defending longer-term projects of integration.

For instance, EU leaders’ ability to refrain from unilateral movement and protectionist measures will be pivotal, accordingly to our experts, even if Europe is confronted with further economic downturn and rising pressure from the domestic public to protect national economies. There is no doubt that under adverse circumstances faced by European economies, some degree of flexibility and differentiation among national responses would be needed. However, these could be combined with the implementation of common initiatives of solidarity (such as the swift implementation of a price cap for gas imports and other mechanisms based on the so-called SURE programme for temporary support to mitigate unemployment

risks in an emergency), or new initiatives for enhancing investments, even in a differentiated and flexible manner, for instance through the so-called Important Projects of Common European Interest for the ecological transition. All this would allow for some mutualisation of costs while keeping common strategic investments high, beyond the capacity of an individual country. It could also be conducive to finding an internal consensus within the Union in favour of broader reforms of EU economic governance and the fiscal rules, adapting a more targeted approach to national debt reduction.

A second group of drivers towards further integration would be provided by the willingness, and readiness, of EU institutions and member states to assume more common responsibilities as a collective security provider across Europe and its surroundings. This should favour the emergence of a common strategic culture and help recalibrate burden-sharing within NATO. It is clear that today's European military expenditures confront problems not simply regarding their quantity but also, and especially, regarding the quality of such investments. The European military industry simply remains too fragmented at the member state level to avoid duplications and present competitive costs of production. At the same time, decision-making structures in foreign policy and defence matters remain subject to unanimity, and therefore contingent to the often-volatile preferences of the member states. This is simply incompatible with the ambitions for an EU that undertakes a more active role for the security and stability of its Eastern and Southern neighbourhoods.

In this respect, the rising intensity of the current confrontations with Russia could certainly be a crucial driver of more integration within the EU and between the EU and its allies. Confronted with further dramatic events and escalation, or new instances of hybrid warfare for instance targeting European critical infrastructures, EU leaders could decide to undertake decisive steps toward building common military capacity and changing EU decision-making rules in foreign and security policy. However, it will be pivotal for EU leaders to advance EU common security and defence agendas even where they are not confronted with new unexpected circumstances, and maintain a balanced approach between the Eastern and Southern dimensions. In this regard, the possibility of using more or less formalised arrangements of differentiation could help member states to find common ground and advance EU institutional reform agenda on security and defence matters.

Another key driver identified by our experts is the ability of EU leaders to keep fundamental EU achievements operative and invest in the longer-term project of integration. For instance, individual countries' readiness to maintain the functionality of the Schengen system and push forward the necessary reforms in migration and asylum policies, even if confronted with the unfolding of new migration waves, will be pivotal. In particular, the willingness of, at least a core group of member states to provide solidarity and a greater degree of burden-sharing would work as an important element of resilience and stability for the entire EU. Such arrangements could possibly help a group of willing member states to move towards automatic procedures of redistribution of migrants and even to

common asylum procedures within an EU vanguard.

Moreover, all these internal developments could be matched by a significant advancement of the EU's agenda in the continent, relaunching the European economies and helping maintain peace and stability. The EU's capacity to sustain internal cohesion and provide common actions and greater sharing of resources could generate important dividends also in EU surroundings, through a number of inclusive projects of mutual benefit. These could include not simply more access to the EU single market, but also greater participation of EU neighbours in the EU's internal budget and policies, from developing common infrastructural plans to coordinated industrial policy and green transition. In addition, this could go hand-in-hand with providing institutional venues for greater participation of third countries in EU structures, be it by allowing regular presence (with no voting rights) at EU meetings or integrating third countries into EU agencies, both operationally and in budgetary terms.

These forms of external differentiation would be important, especially in the face of the enormous challenge of the reconstruction of Ukraine and the strong demands for EU accession by nine countries, namely the Associated Trio and the six Western Balkan countries. Gradual integration into EU policy could stimulate convergence of practices, standards and values between the EU and its neighbourhood even before accession. In particular, this could help significant economic and political catching-up, right from the early phases of accession policy, in this way ultimately contributing to advancing the new EU enlargement agenda.

3. Opportunities and threats of differentiation and key strategic options

Drawing on the mapping of the DiCE collection of studies on differentiation and the future of Europe, as well as on the scenarios-based exercise with a group of stakeholders, it is possible to conclude that differentiated integration and cooperation will remain a necessity in order to allow the resilience and functioning of the EU system. In line with the expectations of the largest part of the literature on the EU, differentiation is perceived as an instrument to allow EU member states to cooperate when their preferences and capacities are heterogeneous, and could therefore be expected to continue to have a (relative) positive impact on both effectiveness and legitimacy of the Union.

And yet our results also show that the literature on differentiated integration tends to underestimate the long-term implications of differentiation, which merits attentive consideration. This emerges clearly if we carefully consider the opportunities and threats connected with the recourse to differentiation in both integrative and disintegrative scenarios for the EU at 2032. Indeed, we found that the frequent use of these flexible forms of integration and cooperation may help to avoid some of the most negative outcomes, but may also fall short of facing

structural shortfalls of the European integration project and making it “future-proof”. In the long run, this can incrementally lead the Union to move towards suboptimal institutional arrangements.

Among the key drivers identified by our experts that could potentially lead the Union towards more fragmentation and even disintegration are the long-lasting consequences of current Russian military aggression on Ukraine, the intensification of geoeconomic competition in key technologies for digital and green transitions, and the further backsliding of democratic standards across Europe. Within such contexts, the recourse to differentiation could still represent an opportunity for mitigating some of the most detrimental dynamics that the EU might otherwise experience.

In particular, even in difficult political circumstances, differentiated arrangements could still help safeguard at least some of the benefits of European integration. This certainly would include the single market, whose attractiveness could even be reinforced vis-à-vis third countries, but can involve other policy sectors through different degrees of functional reconfiguration. In other words, the recourse to differentiation could help rescaling (up and down) the EU’s key functions and achievements, which could emerge as a key coping strategy to deal with major disruptions. These could include informal differentiated arrangements in security and military matters as well as national economic initiatives to drive the economic recovery and reconstruction of Ukraine.

At the same time, it is clear that this use of differentiation would be more reactive than proactive and purposeful, risking ultimately to undermine long-term projects of integration and to reinforce these complex disintegrative dynamics. Even while providing an emergency response to individual challenges, it could fail to ultimately push the Union towards long-lasting arrangements and a functional political order. In this context, the key problems of EU decision-making would not be solved but, on the contrary, there would be increasing pressures towards the resurgence of national interests and increasing demand for cherry-picking. All this risks to go hand-in-hand with greater external dependence.

Considering the integrative drivers that could prevail by the year 2032, the recourse to differentiation would still be necessary insofar as it is instrumental for long-term projects of integration – or to the extent that it does not obstruct major institutional reforms currently on the table. In such a context, differentiation could help strengthen the EU institutional framework, advance key policy areas, diversify economic structures and partnerships, as well as raise democratic standards by better representing preferences of EU citizens.

Nevertheless, we should be aware that advancing the EU’s agenda could also generate a number of adverse reactions, especially connected to the use of differentiation. This includes a growing divide between participating and non-participating member states in different integration projects and the fuelling of populist/Eurosceptic reactions to enhanced EU competences. At the same time,

increased EU global responsibilities risk to simply overstretch EU capabilities.

Overall, it is interesting to note that key drivers of both integrative and disintegrative scenarios will be shaped by crises and differentiation. Both phenomena can no longer be considered as black swans, as it seems that the world has entered into a period of enduring polycrisis¹⁴ and an era where crisis constitutes “the new normal”.¹⁵ The main difference identified by our experts in integrative scenarios as opposed to the disintegrative scenarios is the fact that these challenges and crises would trigger different, reflexive reactions among European leaders and societies, resulting in an improved ability of our societies and political systems to develop and to solve crises, also through the use of differentiation and differentiated integration.

In this context, we found that one of the most decisive factors to counteract potential negative trends is the willingness of key member states and pro-European forces to exert leadership to invest into further increasing the degree of integration. Transferring more competences and pooling more sovereignty at the EU level, also through differentiated forms of integration, is the recipe to equip the Union and make it ready for uncertain futures. In particular, institutional reforms and building common capacity will be crucial to strengthening EU resilience.

Stronger internal institutions could also help in addressing cleavages between ins and outs of differentiated integration projects, and mitigating them within a coherent institutional framework. This would allow the EU as a whole to be more open toward granting third countries a decision-shaping role in EU policies and scaling up their participation in EU agencies, both operationally and regarding budgetary issues. A more attractive power of the EU could also facilitate an increased convergence of its foreign policy with countries in the surroundings, thus widening its regional and international reach.

At the same time, unless democratic leaders prepare for and respond to future crises in ways that are inclusive and consistent with democratic principles, they risk jeopardising the very institutions and norms that are essential for sustainable recovery and democratic development in the long term. In this perspective, participatory experiments such as the DiCE Scenario Marathon could be instrumental to foster the exchange among different constituencies in the EU and create a space of dialogue and convergence for experts and policy makers on the trajectories of EU integration and differentiation.

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¹⁴ Adam Tooze, “Welcome to the World of the Polycrisis”, in *Financial Times*, 28 October 2022, <https://www.ft.com/content/498398e7-11b1-494b-9cd3-6d669dc3de33>.

¹⁵ Stathis N. Kalyvas, “The Era of Crisis and the New Normal”, in *IAI News*, 24 November 2022, <https://iai.tv/articles/the-era-of-crisis-and-the-new-normal-auid-2315>.

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Appendix 1 | Raw scenarios for 2032

Raw Scenarios for 2032

Notwithstanding the European Commission efforts to embed strategic foresight and scenario-building practices into EU policy-making, future-oriented analyses still remain at the margin of European public discussion and academic debates. An exception is the recent body of studies on EU differentiated integration, which developed in reaction to the traumatic Brexit event and the ensuing debate on the future of Europe that followed, collected by the [DiCE project](#) through the online portal [DifferentiGate](#).

The following three sets of raw scenarios are based on the mapping of scenario studies included in the portal, considering 259 projections of possible EU trajectories that are presented in the studies under consideration. They refer to a period of 10 years, approximatively between 2025 and 2035, and span across various modes of differentiation/integration and policy areas. The scenario mapping is a heuristic tool that provides inputs for scenario-based exercises aimed at strategic foresight and involving policy-planners and policy-makers.

Please find below the three sets of raw scenarios that we distilled out of several foresights. Each group will focus on a specific policy area. We are going to focus on the two extremes. Please read carefully before the workshop and ask yourself: What if these assumptions apply? What else could we plausibly assume about the situation in 2032?

Working Group 1: Economic and Monetary Union and the Single Market

Raw Scenario 1: Differentiated disintegration	Raw Scenario 2: Stagnation	Raw Scenario 3: Homogeneous integration
Seven Euro countries have defaulted and returned to national currencies.	Enduring economic stagnation, diverging national interests, creeping non-compliance in financial rules.	The euro area has undergone a process of de-differentiation, as more countries have adopted the Euro since the early 2020s.
Single Market has been strengthened, becoming the centrepiece of European integration.	The EMU has continued deepening, but the gap between insiders and outsiders has widened. Only one additional country has adopted the Euro.	The Single Market has been completed, including in the service, energy and digital sectors.
Further gradual extension of free trade agreements with third countries.	Free trade agreements with third countries, but limitations on free movement of workers.	EFTA and other countries in EU surroundings have further integrated into the Single Market.

Main Drivers and Policy Options for a Differentiated EU: A Scenario-Based Exercise

Working Group 2: Area of freedom, security and justice, including migration

Raw Scenario 1: Differentiated disintegration	Raw Scenario 2: Differentiated cooperation	Raw Scenario 3: Differentiated integration
Limitation of free movement of people at the national level and unilateral reintroduction of border control have resulted in the permanent suspension of the Schengen Agreement.	Continued reluctance of some member states to cooperate on migration policies.	A core group of countries has deepened its integration on security and justice affairs.
Some member states openly reject Council decisions and rulings of the European Court of Justice on reallocation of migrants. The Union remains far from having a common European migration, asylum and refugee policy worthy of that name.	Forms of differentiated cooperation on migration are implemented in an <i>à la carte</i> fashion outside of the EU framework.	A Unified Asylum System has been established among 15 countries.
The externalization of migration management by some member states has resulted in flagrant violations of EU standards in the field of human rights and the rule of law.	Increased levels of circular migration with countries in the European Neighbourhood.	Increased participation in EU agencies (such as Europol and Frontex) by third countries, both operationally and budgetary.

Working Group 3: EU foreign, security and defence policy

Raw Scenario 1: Differentiated or homogeneous disintegration	Raw Scenario 2: Differentiated cooperation	Raw Scenario 3: Homogeneous integration
Increased divergence between bigger and smaller states has jeopardized a European common approach on foreign policy matters.	PESCO has developed further.	EU-wide activities in foreign and defence policies have increased, the European Commission and the European Parliament have enhanced their power. Qualified majority voting has been extended to various fields in foreign and defence policy.
Some ambitious integration initiatives in the fields of defence have been proposed but, due to a resolute opposition from some countries, they have been largely implemented in an <i>à la carte</i> fashion outside of the EU framework.	Leading groups and ad hoc coalitions of member states steer European foreign policy in the resolution of crises in the neighbourhood.	There is a stronger and unified Europe in a multilateral system with its own European Minister of Foreign Affairs. First steps have been taken to establish a European army.
Increased influence of external actors in EU foreign policy matters.	There is more cooperation with non-EU actors in multilateral fora. There is a privileged partnership with the UK that comprises a strong security component.	Increased convergence of EU foreign policy with countries in EU surroundings. Decision shaping powers have been granted to the countries in the neighbourhood.

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