

The Big Read European Union

The 'monumental consequences' of Ukraine joining the EU



Kyiv's desire for membership has raised profound questions about the union's capacity to accept new members — and the future of the European project

Sam Fleming and **Henry Foy** in Brussels YESTERDAY

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Over breakfast in late June at the five-star Hotel Amigo in Brussels, the most powerful leaders of the EU began in earnest their discussions on how to bring Ukraine into the club.

The heads of governments of the EU's 10 largest states by population, including France, Germany, Poland and Romania, chewed over the myriad ways such a significant step would dramatically reshape the bloc.

According to people briefed on the gathering, the informal talks made clear how many different issues were at stake — and how radically the union would need to adapt to take on such a historic expansion.

Wheels were set in motion. The leaders present agreed to create a “workflow process” for future talks and, after the confab, national government officials began the tough task of coordinating positions. “We wanted to see if we could create sufficient political support to go forward,” says one of the people briefed. “It’s such a big challenge . . . The goal was to see the different views.”

The meeting made one thing clear: it confirmed that an idea that might have seemed preposterous even 18 months ago is now being taken seriously.

War in Ukraine radically altered the calculus. By brutally underscoring the danger of leaving states in a geopolitical ‘grey zone’, outside both Russia and western spheres, Moscow’s invasion sparked a profound shift in the EU’s enlargement policy from passivity to proactive strategising.





A damaged residential building in the city of Lyman, Donetsk region. War in Ukraine underscored the danger of leaving states in a geopolitical 'grey zone', outside both Russia and western spheres © AFP via Getty Images

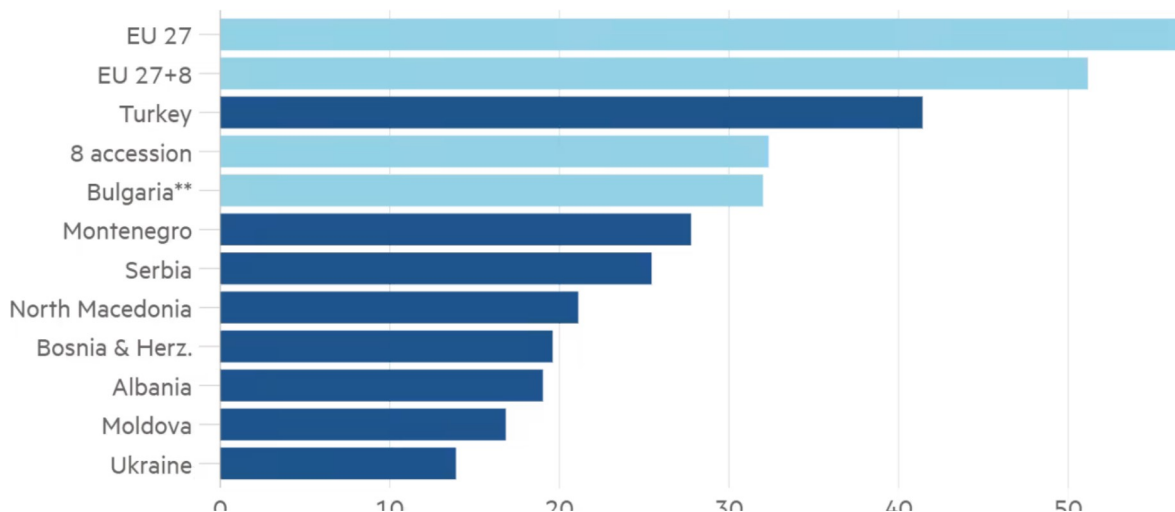
In the months that followed February 2022, the EU made Ukraine, Moldova and Bosnia and Herzegovina candidate countries and opened accession negotiations with Albania. Engagement with the four other official candidates — Montenegro, North Macedonia, Serbia and Turkey — has also stepped up.

While EU leaders talk of Ukraine being on “a path” to membership, many member state officials and diplomats privately question whether it will really happen.

Not only is Ukraine a country at war, but it would be the bloc’s fifth largest member by pre-conflict population and its poorest by far, which has implications for how its budgets would be divided up. Yet it is also Kyiv’s bid, more than any other, that has raised profound questions about the future of the entire European project.

The accession countries are significantly poorer than existing EU member states

GDP per head in 2023* (\$'000)



* At purchasing power parity. ** Bulgaria has the lowest GDP per capita in the EU 27

Sources: IMF, FT calculations

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“We have had to make a huge shift in our mindset since the start of the war in Ukraine. Now we see enlargement as something that has become inevitable, as something that is required to stabilise our continent,” says the person briefed on the breakfast meeting. “So, having understood that, we need to urgently work out how we go about all this, and the monumental consequences for our union in terms of finance and decision-making.”

The war may have changed the political winds, but it has not altered the immutable challenges around the EU’s capacity for expansion. In Brussels, and across the union’s capitals, officials are not only asking if Ukraine can carry out the long list of reforms required to join the EU when the war is over, but whether the bloc can reform itself sufficiently to absorb Ukraine as well as a host of potential new members.

With Ukraine’s president Volodymyr Zelenskyy pushing hard for an agreement to open accession talks by December, there is a rising sense of urgency that the EU’s capacity to accommodate new member states cannot simply be ignored by keeping the entry door shut.



A demonstration in support of Ukraine during a Foreign Affairs Council meeting at the EU headquarters in Brussels in January ©

John Thys/AFP/Getty Images

“EU leaders are ready to take these questions on enlargement seriously — they realise there is a cost, and they also realise that enlargement will have an important bearing on the EU’s internal functioning,” says Luuk van Middelaar, founder of the Brussels Institute for Geopolitics.

The debate, says van Middelaar, is being framed in Brussels as one of “absorption capacity” — which sounds like a scientific concept regarding the EU’s ability to expand. “But in reality it is not,” he continues. “It is a highly political notion wrapped up in bureaucratic cloth.”

‘Smaller slice of the pie’

The debate on how expansion might change the EU has largely been conducted privately, as politicians seek to avoid stoking public debate over something potentially divisive that also remains a distant possibility.

Many member states, for example, are at pains to find solutions that avoid reworking the EU’s overarching treaties, a lengthy and politically fraught process that would require referendums in many states, offering domestic flashpoints for Eurosceptic campaigns.

But the decision to put “absorption capacity” on the agenda for discussions among the EU’s 27 leaders in Granada this October reflects the recognition that the topic can no longer be kept under wraps.

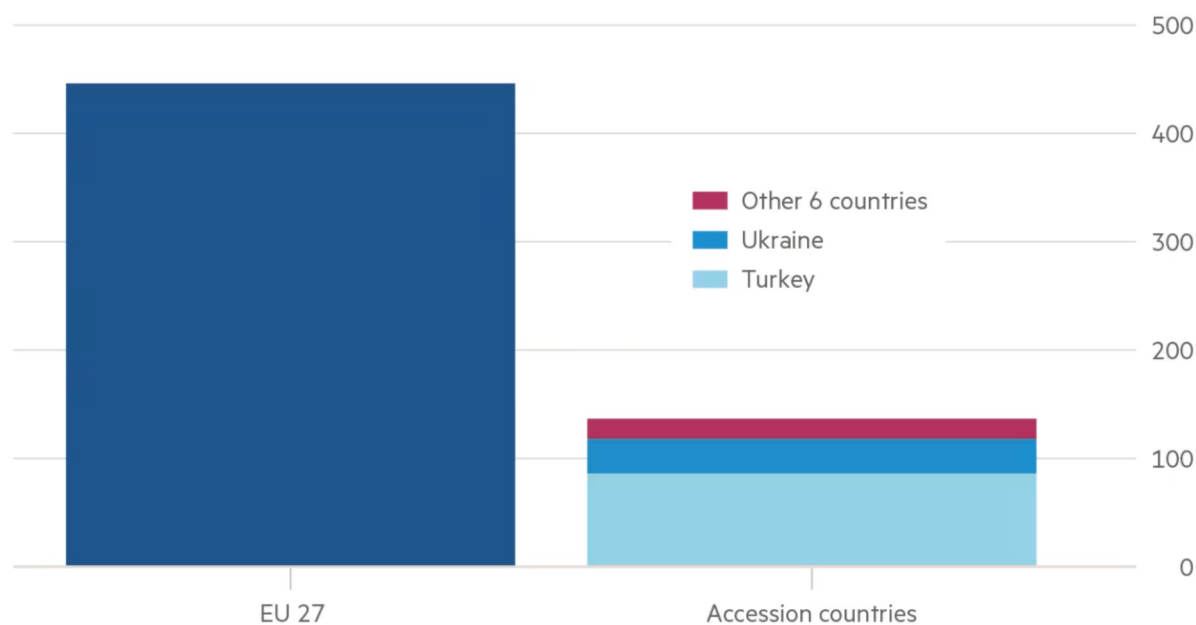
“It’s about identifying the problems we need to solve before countries join,” says one EU diplomat. “We have to think through what it means . . . how do we ensure we keep the union functioning?”

At this stage, discussions are more about identifying the questions enlargement would raise for the EU, not attempting to reach any policy decisions. That is understandable given how uncertain the outlook for enlargement actually is.

Whereas the fall of the Iron Curtain and the desire to integrate former eastern bloc states such as Poland into western democracy and capitalism helped make a strong case for the big-bang round of accession in 2004 when 10 countries joined the bloc, this time the motivation to accept the current crop of candidates is less clear cut.

Accession of all 8 countries would increase the EU's population by 50%

Population, 2023 (mn)



Source: IMF

© FT

This issue of absorption capacity boils down to two key topics. First, how would the EU reform its budget when faced with new members that would probably be net beneficiaries of EU funding? How would less rich member states respond to the idea of becoming net contributors?

A second question is: what institutional reforms would be necessary to ensure the EU could ensure smooth decision-making processes if the union comprises as many as 35 capitals, up from the current 27. A failure to overhaul its procedures could hobble the EU, particularly in policy areas that require unanimity.

Ukraine's membership would weigh most heavily on the EU's finances. As an internal Council of the EU note seen by the FT highlights, the two biggest areas of the EU budget are the Common Agricultural Policy (CAP) and cohesion, or regional spending, which together account for around 62 per cent of the EU's seven-year budget or around €370bn each.

Admitting Ukraine, with farmland that exceeds the size of Italy and an agricultural sector that employs 14 per cent of its population, would be a game-changer. It follows that Ukraine would become the biggest recipient of CAP funding, the majority of which comprises direct payments to farmers or income support.

The consequences would be severe: other farmers in the union would have to accept

much lower payments or the EU would need to agree a massive boost in its agricultural budget.

Ukraine has not even entered the EU yet, and already it has damaged the single market

In France, where the farming sector has huge clout, the political consequences would be daunting. The same applies to countries that have been prominent cheerleaders for Ukrainian accession. Poland, for example, whose president Andrzej Duda in 2022 called for Ukraine to benefit from a fast-track membership process, went on to ban some

Ukrainian agricultural imports a year later. Warsaw took action after a glut of cheap grain provoked vociferous protests by its farmers, and demanded the commission expand those curbs into other products this summer.

“Ukraine has not even entered the EU yet, and already it has damaged the single market,” notes a second EU diplomat.

When it comes to regional funding, a note prepared by the Brussels Institute for Geopolitics think-tank for the pre-summit breakfast meeting laid out the high stakes. The majority of the current accession candidates, including Ukraine, have a GDP per capita, measured by purchasing power parity, that is below Bulgaria, the EU member with the lowest income.

“The logic of cohesion policy is that funds would need to be retargeted at the union’s new members, to the disadvantage of current beneficiaries, unless more EU revenues were to be raised,” the policy paper notes. In other words: “Either the pie grows, or each gets a smaller slice.”

Western capitals are keen to draft concrete financial impact studies in time for the October summit so they can make clear to all member states the tangible impact on their current budgets.

Calculating exactly what Ukraine’s entitlement would be is impossible given the uncertainties about the shape of its postwar economy after the conflict finally ends. But if Ukraine was plugged into the current 2021-27 cohesion budget, it would jump to the top of the list of recipients, dwarfing Poland’s €77bn allocation, calculates Zsolt Darvas at the Bruegel think-tank.

Another informal estimate prepared by the EU Council suggests that Ukraine’s entry would make France a net payer into the CAP, and Poland would swing from the

largest net recipient of EU funds to an overall net payer.

“If you’re in an office at the top of the commission, you can either double the EU budget or make everyone swallow sacrifices,” says the second diplomat, adding that the EU’s own research, if made public, would make for sober reading and highlight how painful the decisions ahead will be.

Coalitions and chaos

An even bigger issue than the money, argue some Brussels officials, is how the EU would ensure it can continue to function.

Persisting with unanimous decision-making on foreign or taxation policy would become more difficult in an expanded EU, given the possibility that a single state can wield its veto and block any proposal it dislikes — a power often used by Hungary.

In addition, big states accustomed to readily assembling blocking minorities on votes — where EU rules permit so-called qualified majority decision-making — would find it more challenging to assemble large-enough coalitions of like-minded member states.



Ukrainian president Volodymyr Zelenskyy, left, and European Commission president, Ursula von der Leyen, during the EU-Ukraine summit in Kyiv in February © Ukrainian Presidential Press Office/AP

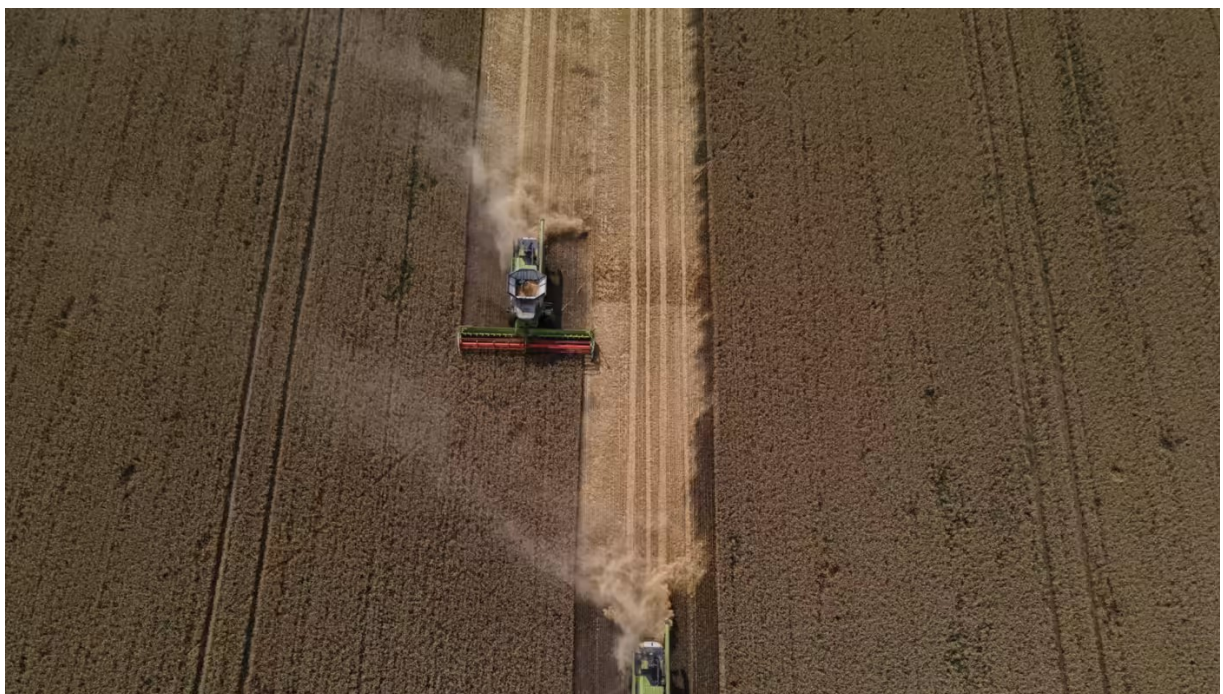
The idea of fundamental reforms to EU decision-making raises the prospect of whether treaty change would be needed to accommodate an expanded membership. But diplomats perceive little support for reforming the treaty in most capitals, given fears this would open a Pandora's box of additional demands.

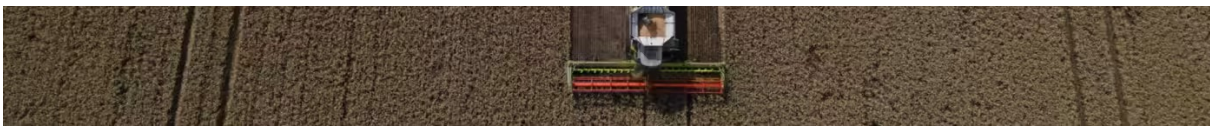
“There is zero appetite in most member states to do the reforms via treaty change. And, in fact, quite a lot can be achieved without any treaty change being needed,” says van Middelaar.

The Brussels Institute for Geopolitics argues that the existing EU treaty already offers pathways to significant changes to governance. For example, no amendments would be required to reduce the number of commissioners from one per member state to two-thirds. The so-called passerelle clause permits vetoes to be bypassed in some cases.

France is taking an expansive view of the changes that would be needed, arguing that the EU made a mistake by not streamlining its procedures when it absorbed 10 new members. Laurence Boone, Europe minister, says Paris wants a wide-ranging debate on possible options. “We are in open mode,” she adds.

This could include novel ways of enlarging, including a phased process when new members receive certain privileges before others, according to Boone, who insists France is committed to EU enlargement and not trying to delay the process. But alongside any EU decision in December to begin accession negotiations with Ukraine and other candidates, Paris wants the union to also commit to reform.





A wheat field last summer in Ukraine's Ternopil region. Admitting the country, with an agricultural sector that employs 14 per cent of its population, would be a game-changer © Alexey Furman/Getty Images

This includes reviving a longstanding French vision of “variable geometry”, the idea that different groups of EU member states should integrate more closely on different policies, while avoiding a two-tier Europe. “If some countries do not want exactly the same thing, how do we cope with that?” asks Boone. She envisions a process of differentiation being “very gradual and progressive”.

Boone’s argument hints at the anxieties among member states over how enlargement of the EU will play out domestically.

Social implications

For the EU, the accession of Poland and Hungary, who remain in entrenched stand-offs with the commission over their compliance with legal standards, has been a scarring experience.

As one EU diplomat observes, some existing capitals will insist on seeing extremely robust safeguards in new member states to protect the rule of law and judicial independence. Steps to strengthen enforcement of single market rules would also be required, the diplomat warns.

Further questions surround the timelines under which existing member states would agree to open themselves up to freedom of movement from new members. Then, of course, are the security implications of absorbing a country like Ukraine, with its conflict with Russia, as well as Balkan countries that remain hotbeds of ethnic tension.

“We saw such a backsliding in Poland and Hungary. And this means that we are now applying much stricter laws for the accession countries when it comes to the rule of law, checks and balances, system, independence of judiciary, anti-corruption measures and media,” says Věra Jourová, the EU’s commissioner for values, adding that accession talk are far more demanding than they used to be.



Trucks queue at the Rava-Ruska border checkpoint on the Ukrainian-Polish border. Poland would swing from the largest net recipient of EU funds to an overall net payer © AFP via Getty Images

For now, even as the EU starts work on what might be required to make it happen, Ukraine's membership remains hypothetical. While visiting Kyiv in May, commission president Ursula von der Leyen, admitted that "some might think it is impossible, improbable or too distant to talk about a free and peaceful Ukraine in the European Union." But, she added, "Europe is about making the impossible possible."

Some diplomats do not share her optimism, and have doubts whether it will ever come to fruition. Privately, they refer to the prospect as an "if" not a "when".

Still, EU officials consistently emphasise the strikingly rapid progress Ukraine is managing under president Zelenskyy, meaning that many see an increasing likelihood that it will gain the green light for accession talks before the end of the year. "They are doing a pretty remarkable job in wartime conditions," says a third EU diplomat. "There will be an awful lot of internal work to ensure we have our own house in order."

The reality, stress some officials, is that accession would likely be a drawn-out process, with candidates being granted progressive sectoral integration over time, gently easing them towards membership.

The destination is clear. Now, work has begun to figure out the route. "I know it looks like a huge mountain," says Boone, "but we are trying to take the south face with good shoes rather than the north face with flip flops."

Additional reporting by Ben Hall in London and Andy Bounds in Brussels

Data visualisation by [Keith Fray](#)

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