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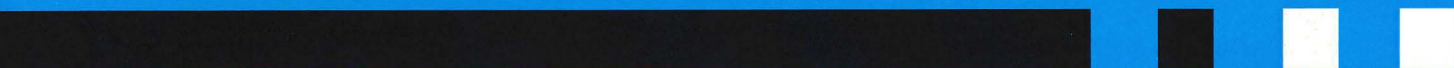
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EXECUTIVE SUMMARY

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INNER AND OUTER
BORDERS IN A WORLD
TORN BY CONFLICT**

EUROPAPERSPEKTIV 2023

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**THE EU'S INNER AND OUTER
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IN A WORLD TORN BY CONFLICT**

Edited by ANTONINA BAKARDJIEVA ENGELBREKT,
ANNA MICHALSKI, and LARS OXELHEIM

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EUROPAPERSPEKTIV — NETWORK FOR EUROPEAN STUDIES

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Russia's invasion of Ukraine on 24 February 2022 will go down in history as the fateful day when Europe's contemporary security order was shattered. This order emerged during the final phase of the Cold War, when the Soviet Union lost its grip on the countries of Central and Eastern Europe, and thereupon collapsed as a result of internal frictions caused by the Soviet regime's mismanagement of the economy and its inability to achieve social, cultural, and political development. For the European Union (EU), the geopolitical shift in Europe at the beginning of the 1990s led to a new era, marked by deeper political integration, a far-reaching enlargement of the EU's membership, and an expansion of the powers and policy areas in the hands of Union institutions.

The admission of members from Central and Eastern Europe and the southeastern Mediterranean raised the question of the EU's future borders in a broader sense, not as barriers between peoples but rather as areas for contact – for economic, social, and cultural exchange (Amato & Batt, 1999). Over the subsequent 15 years, the Union succeeded in integrating the new member states. New external borders then emerged – vis-à-vis Russia in the northeast, the Black Sea in Eastern Europe, and countries in the Balkans and to the east and north of Cyprus (Schimmelfennig & Sedelmeier 2005). The EU has been clear, despite the new types of deeper cooperation it has established with its neighbours to the south and east, in distinguishing membership from other (partial) forms of integration, as embodied in association agreements and various free-trade arrangements. The external border of the Union remains a dividing line between a zone of material prosperity, democracy, the rule of law, and political rights and freedoms, on the one side, and an area of instability and a lack of socioeconomic development, on the other.

Physical borders are salient in a world marked by threats to security, by the movement of migrants, and by economic and technological competition between states (Andreas 2003). Moreover, many contemporary threats are cross-border in character, among them pandemics, climate change, and organized crime in all its forms (Bakardjieva Engelbrekt et al. 2022). The precariousness of maintaining open borders within the EU has become apparent in recent years as some internal borders have sprang up again as a response to various threats. First, for reasons of domestic security to hinder the movement of terrorists and refugees. Later, as an ultimately futile attempt to keep the covid-19 virus to spread across borders. Some of these measures are still in place, albeit as exceptions to the principles of open borders, but have because of their longevity, still become a challenge to the freedom of movement of people. The Union continues to exert an attraction across its outer border for goods, capital, and people seeking a way into Europe. Within the EU, meanwhile, a reinforcement of the outer border is seen as necessary for preserving the freedoms that membership brings to people and businesses inside Europe, and for defending liberty within from threats to security from without.

The war in Ukraine has prompted the EU's institutions and its member states to mobilize – morally, economically, and militarily – in support of the Ukrainian people and their government (European Commission 2023). Russia's actions pose a great challenge to the member states, worsening the security

threat they face and unleashing an energy crisis. The latter is fuelling an already rising rate of inflation, and creating economic uncertainty for both companies and the population at large. Up to now the Union, with the European Commission at the forefront, has responded in an unexpectedly resolute fashion to these challenges. In her State of the Union address in 2022, the president of the European Commission, Ursula von der Leyen, expressed her satisfaction with the EU's efforts at crisis management as follows: 'Fifteen years ago, during the financial crisis, it took us years to find lasting solutions. A decade later, when the global pandemic hit, it took us only weeks. But this year, as soon as Russian troops crossed the border into Ukraine, our response was united, determined, and immediate. *And we should be proud of that*' (von der Leyen 2022. Emphasis in original.)

The EU has learned from previous crises, to be sure. Just as surely, moreover, the unthinkable fact that war is again raging on European soil has helped generate consensus within the Union. Nevertheless, the EU confronts major challenges that will put its capacity for consensus to considerable tests, over both the short and the long term.

Implications of the geopolitical shift

Since the mid-2000s, an ever more palpable geopolitical shift is taking place. The rules-based international system is being broken down gradually by states that do not respect its principles. These states wield power in the pursuit of their own narrow interests, to the detriment of cooperation on the basis of common rules and practices. The concept of the rules-based international order has been used more and more often in recent years. It bears comparison with the earlier concept of *Pax Americana*, used in reference to the security community created after World War II for Western countries under the protection of the United States. A closely related concept is that of the 'liberal world order', which has its origins in the dominance and consequent hegemony of the US during the Cold War (Ikenberry 2018). This concept is mainly used in reference to the norms and regulations enforced by international organizations, such as the World Trade Organization and the International Monetary Fund. The rules-based system has given rise to stability and predictability in the international system, and nourished a belief in the strength of liberal democracy. The liberal world order is based on liberal values, such as political rights and freedoms, and on the view that democratic nations are less likely than other countries to go to war. During the Cold War, this belief was linked to the concept of the 'free world'. The liberal world order has not been purely 'good', to be sure. Geopolitical tensions in the Cold War, for example, led to so-called proxy wars in Asia and Africa, to the bullying of weaker countries in for example Latin America. These originated in the tug of war between the United States and the Soviet Union, each of which sought to shape the world in such a way as to strengthen its own security and economic dominance.

The rules-based international system rests on the theory of liberal institutionalism set forth in the 1980s by American political scientists such as Robert Keohane, John Ruggie, Stephen Krasner, and Robert Axelrod (see for example Keohane & Martin 1995). How is it, these researchers asked, that cooperation between states arises and then persists over time? The solution to the puzzle that they proffered is that the inherent risks of international cooperation – that other states will not fulfil their commitments – can be obviated through the establishment of regulatory frameworks enforced by international organizations. These scholars and others have found that, over time, international organizations have established durable regimes that have made it possible to hold member states accountable for their commitments, and to persuade them to comply with common rules. This is perhaps most evident in the case of the World Trade Organization (WTO), which has given rise to a strong international trade regime based on common rules and lasting commitments. Trade has grown as a result, forming the foundation for economic globalization and making the advantages of multilateral cooperation clear. When EU leaders speak of defending the rules-based international order, they are referring to principles such as multilateralism and the rule of law, as well as to norms like human rights and democracy (Dworkin & Leonard 2018). International organizations, they urge, need to be strengthened, and bodies like the WTO must be reformed so as to make them capable of handling a new reality.

Why does the rules-based international system need to be defended, and against whom? If we are to answer this question, we must first note that the system is founded on mutual trust – trust that all states taking part will follow the rules and carry out commitments made. If there are repeated violations of the rules, or patterns of behaviour at odds with them, such trust will be eroded, and the belief that cooperation always pays off in the long run will be undermined. The US under President Donald Trump, 2016-2020, undermined the rules-based international system, for instance by refusing to appoint judges to the WTO's appellate court, and even since President Joe Biden came to power in 2021, the American foreign policy has been orientated towards domestic interests. However, it is the rise of autocratic great powers which has captured the attention of policy-makers, not least due to their ambition to change the post-World War II order (Cooley & Nexon 2020). From the mid-2000s on, China's economic success in particular has upset the equilibrium of the global system. For a number of years now, China has accounted for the largest single share of world trade, with large trade and investment surpluses vis-à-vis other countries and the EU. The vast country also has a high-tech advantage in certain sectors, and it dominates the production of rare earth metals. The hope that China would accommodate itself to the rules-based international system, as a consequence of its entry into the WTO in 2001, has failed to bear fruit. Growing problems with steel dumping, forced technology transfer, trade-distorting subsidies, and infringements of international intellectual property law are among the recurring complaints heard from companies operating in the Chinese market, as well as from industries whose home-market position has been weakened by imports from that country. In addition, China protects its WTO status as a developing country in order to enjoy the benefits that follow from that. This stands in stark contrast to China's claim

that it should have been automatically recognized as a market economy at the end of the transition period 2016. Western WTO member states, including the EU and the US, have opposed granting China a market economy status.

These problems could have been solved within the framework of the WTO. Since Xi Jinping came to power in 2012, however, China has increasingly exploited its dominant position in certain production sectors, such as in the extraction of rare earth metals and in the production of solar cells and batteries, in order to influence the shape of the rules-based international order. This became evident not least during the early stages of the corona pandemic, when China used its dominance in certain production lines to break value chains and to influence the view expressed by various countries of its responsibility regarding the origins of the pandemic. China's efforts in this regard included benign measures such as the donation and sale of face masks, as well as punitive measures such as trade bans (which it imposed on some Australian products, for example). Even before the pandemic, China imposed sanctions on countries that took a stance it viewed as insulting or disrespectful, or that raised questions about human-rights violations or the status of Taiwan. One such punitive measure – a ban on salmon imports from Norway – was introduced after Liu Xiaobo was awarded the Nobel Peace Prize in 2010. Another example concerns its decision to temporarily suspend diplomatic relations with Denmark in 2009 in the run up to the COP15 climate summit in Copenhagen to express its displeasure that Danish prime minister Løkke Rasmussen had met with the Dalai Lama in May the same year (Sverdrup-Thygeson 2015). As recently as December 2021, moreover, China removed Lithuania from its customs registry, rendering that country unable to export goods to China. It did so in response to Lithuania's decision to allow Taiwan to open a representative office in Vilnius in its name (Reuters 2022). This type of punishment is now known as *economic coercion*. In 2021, the European Commission (2021) presented a proposal – the anti-coercion instrument – for measures to protect member states that fall victim to this type of punishment.

Since the war in Ukraine broke out, moreover, a further type of economic coercion has made itself known: *weaponized interdependence* (Drezner, Farrell & Newman 2021). This is when states that dominate certain value chains or access to certain natural resources use these as weapons. A strategic use of economic dependence had been seen earlier, but the scope and depth of economic ties between countries in today's global economy has greatly worsened the potential vulnerability. After Germany's decision in early 2022 not to complete the certification of Nord Stream 2, in reaction to Russia's actions in Ukraine, gas deliveries via Nord Stream 1 were greatly reduced. Then, in September 2022, both gas pipelines were badly damaged in an explosion, and deliveries were stopped altogether. For EU members dependent on Russian gas for a large portion of their energy needs, the sudden lack of access to Russian gas has had significant consequences. Germany in particular, which despite international warnings had increased its dependence on Russian gas by co-financing Nord Stream 1 and 2, had left itself vulnerable to Russian pressure (Sturm 2022). In May 2022, the European Commission presented a strategy for

energy security – REPowerEU – the aim of which is to diversify gas imports, to eliminate dependence on Russian oil and gas, and to invest in energy efficiency and renewable energy sources.

Russia and China are the countries most often in focus when the shift from a rules-based world order to one based on power is discussed. These countries have a so-called geopolitical worldview, which affects how they see relations with other countries. In this worldview, borders and territory play a prominent role, because control over transport routes and the possession of natural resources yield power. Countries fall hierarchically into spheres of political dominance, and instruments of power are both economic and military. China's strategy for economic development – the Belt and Road Initiative (BRI) – has drawn considerable attention in this regard, because countries in receipt of this aid have become dependent in many cases on China, both economically and politically (Rolland 2017). China namely expects loyalty in return (not least on the issue of Taiwan) in various international and regional forums, such as the United Nations General Assembly or the 16+1 group. China has also secured access to natural resources through the BRI, as well as markets for the products of its state-owned companies. Russia, for its part, has sought to draw former Soviet republics into the Commonwealth of Independent States and the Eurasian Economic Union, in order to establish a sphere within which it can exercise power and dominance.

From the standpoint of the EU, these international developments are worrying. The Russian regime has been taking a more and more extreme approach towards neighbouring countries that were once part of the Soviet Union, and the significance of this shift has sunk in only slowly (Götz 2017). It was not until the war in Ukraine in 2022 that its full import was revealed. Likewise, it has taken several years for EU leaders to realize the implications of China's international norm dissemination, or its territorial ambitions in the South China Sea. The greatest factor generating uncertainty, finally, was the less-than-friendly attitude towards NATO and the EU expressed by Donald Trump, then president of the US. This attitude on Trump's part, together with his tendency to break agreements entered into, seemed to call the durability of American commitment to Europe's security and international free trade into question (Cooley & Nexon 2020). Taken together, these developments have prompted Europe's leaders to take a greater interest in the idea of European strategic autonomy.

At the beginning of 2023, the war in Ukraine has raged for over a year, and the contours of a new world order can be discerned. This order is based less on cooperation than on competition and rivalry, not least between China and the US. What does this geopolitical shift mean for the EU's ability to act in the international arena? We can expect attempts at multilateralism to face great difficulty, and norm competition to remain a permanent aspect of interchange between states. The Union has adjusted its approach to foreign policy accordingly, the better to achieve its goals. In accordance with the global trend, its main foreign-policy instrument – external trade policy – is now focused mainly on regional and bilateral trade ties. In a number of areas, moreover, it seeks to achieve certain political objectives

(both internal and external), and to help promote greater strategic autonomy for Europe. In its trade agreements, therefore, the EU includes clauses on human rights, the rule of law, sustainable development, and adaptation to climate change. Less directly, by the sheer size of its market and its considerable regulatory capacity, the Union exerts powerful unilateral effect on other countries and private companies extending its bold regulatory standards in areas such as product safety, data protection and competition policy (Damro, 2012).

On the diplomatic level, the Union aims to create alliances with like-minded states and partners in Asia, Africa, the Pacific, and Latin America. Moreover, faced with the war in Ukraine and Russia's ever closer alignment with China, the Union has embraced the discourse according to which the world is witnessing a struggle between autocracy and democracy. It has also supported the French initiative for a European Political Community. Ursula von der Leyen's (2019) vision of a geopolitical Commission, which she set out in 2019 at the start of her term of office, has thereby been fulfilled. She has set the Commission's sights on breaking vulnerability and dependence in energy, technology, and raw materials; on taking a harder line on strategic investments, economic coercion, and harassment; on pursuing joint diplomatic initiatives on human rights, climate issues, and sustainable development; and on strengthening the strategic autonomy of the Union. Finally, now that Finland and Sweden have applied for membership in NATO, conditions are improving further for close cooperation between the EU and NATO, as the two organizations seek to build a new European security order in the wake of the war in Ukraine.

Despite the stronger consensus that has prevailed within the West since the outbreak of the war in Ukraine, the place of the EU in a new world order is far from secured. Regulatory competition at the global level in advanced technology and digitization is fierce. The Union can invest, for example, in the manufacture of microchips and batteries in Europe, but it cannot thereby guarantee that Europe will become a world leader in these areas, or that its industries will be able to withstand the global competition. China is far ahead in certain sectors, and many organs of international standardization are now dominated by that country, which wants its norms and standards to be adopted globally (Rüling 2021). Where the climate transition is concerned, major powers such as the US and China have faltered, and the commitments they have made to help achieve the UN's climate goals have failed so far to bear fruit. The question is how far the Union's climate diplomacy of forming partnerships with countries in Asia and Africa can persuade said countries to adopt European objectives on climate, sustainable development, and the environment. The EU's goals in these areas, after all, are ambitious, and the economic and political incentives it offers are not necessarily more lucrative than those extended by China.

A European security order and the future enlargement of the Union

When Russia invaded Ukraine in February 2022, it broke definitively with the security order that had prevailed since the dissolution of the Soviet Union in December 1991. With the fall of communist regimes in Central and Eastern Europe at the end of the 1980s, the task fell to the EU and to NATO to integrate the new democracies into the political, economic, and security order of Western Europe.

NATO enlargement has taken place in several rounds, beginning in 1990 with the reunification of Germany. The Czech Republic, Hungary, and Poland became members in 1999. The Baltic States followed in 2004, together with four countries in Eastern Europe. In the years since, four Balkan nations have joined the alliance as well. NATO has applied an open-door policy in principle towards the admission of new members, and Europe's security community has gradually expanded thereby, although in practice both European states and the US were quite circumspect towards the inclusion of Ukraine throughout the 2010s. Countries that wish to join must meet the requirements set forth in the North Atlantic Treaty regarding 'democracy, individual liberty, and the rule of law'; and they must be able to contribute to NATO's mission and mutual defence. To be sure, the successive enlargements have given rise to debate among NATO's member states, and Russia has protested throughout (Marten 2023). Otherwise, however, the process has been relatively uncomplicated.

In the case of the EU, the incorporation of new member states is a complex process that puts far-reaching demands on candidate countries to adjust their legislation and policies to EU standards. This can take many years to complete. In connection with the great Eastern enlargement that began in the late 1990s, the EU developed a policy with four phases: (1) an evaluation of the applicant country's eligibility – economically, socially, and politically – to become a member of the Union, followed in the favourable case by a decision to grant the country candidate status; (2) preparations in the candidate country, with financial and administrative support from the EU, to adjust its national legislation to EU law, to strengthen its administrative capacity, and to consolidate its democratic system; (3) negotiations on membership, which in practice means granting the candidate country exemptions for a limited period in certain sectors – since adjusting to EU laws and policies is not negotiable; and (4) entry into the Union, together with a follow-up of the adjustment process in specific areas where the Union has not granted full membership to the candidate country – e.g., in connection with the Schengen Area or the third stage of monetary union (i.e., transition to the euro) (Michalski 2014; Pridham 2008).

The European Union (2023) has also elaborated certain principles for enlargement. In order to join the Union, a country must satisfy the so-called Copenhagen criteria. It must have a democratic political system, with guarantees for human rights, the rule of law, and protection for minorities (Hillion 2004). It must have a functioning market economy that can cope with competitive pressures on the internal market. It must possess sufficient administrative capacity to assume the obligations of membership and to adhere to the aims of political, economic, and monetary union. It must incorporate EU laws and

policies into its own legislation before it can become a member. Finally, it must have no unresolved border disputes at the time of its entry into the Union. The last-mentioned criterion has been applied with greater flexibility than the one pertaining to the adoption of EU legislation, as can be seen in the case of the admission of the Republic of Cyprus (which did not extend to the Turkish Republic of Northern Cyprus). This criterion was tightened, however, in the case of Serbia, which must normalize its relations with Kosovo before it can become a member.

Since Russia's annexation of Crimea in 2014, the European security order has been under challenge, not least with regard to the principle of the inviolability of borders. This principle was laid down by the Conference on Security and Cooperation in Europe (CSCE) in 1975. The invasion of Ukraine is thus a direct violation of international law. It has made close relations between Russia and Ukraine impossible for a long time to come, and it has decisively accelerated the latter country's orientation towards the West. On 28 February 2022, the government of Ukraine submitted an application for EU membership. In June of the same year, after a decision-making process of record speed, the European Council conferred official candidate status on Ukraine. Moldova and Georgia followed soon thereafter, submitting their respective applications for membership in March 2022 (Petrequin & Corder 2022). Moldova was granted candidate status at the same time as Ukraine, while Georgia would first need to meet certain requirements set by the EU before achieving this status.

The Commission has signalled that membership negotiations with Ukraine may take a long time, and that adjustment to EU legislation and fulfilling the Copenhagen criteria for membership is a huge task for a country still at war. However, the Union and its member states are expected to take the initiative for Ukraine's reconstruction once a peace agreement with Russia has been reached. In a first report on 9 September 2022, the European Commission (2022), together with the World Bank, and the Ukrainian government estimated the cost for the country's reconstruction at 349 billion euros – a cost that increases with each day the war continues. The economic resources needed for Ukraine's reconstruction are thus colossal, and the complexity of implementing such a project will naturally be enormous as well (see, Becker & Åslund in this volume). Ursula von der Leyen has promised that the EU 'will support Ukraine every step of the way towards our Union' (von der Leyen, 2023). There is a clear ambition to coordinate Ukraine's reconstruction with its adjustment to EU laws and regulations. It remains unclear, however, how the Union's promises of help with reconstruction and EU entry are to be balanced against the need for Ukraine to meet the criteria for membership. The EU's commitment to Ukraine is long-term, but the challenges are great. Security and stability in the region are crucial, but a deep democratization of political processes is needed too, as is a more secure rooting of the rule of law within the country. There must be modernization of the state apparatus, greater transparency in economic life, and a greater willingness among economic actors to follow the rules. During this long process, it is of great importance that the EU's external border with Ukraine does not become a dividing line, but rather serves as an area

for contact – for trade, for the dissemination of norms, for interchange between people, and for joint projects in green energy, sustainable development, and adaptation to climate change.

In this twenty-sixth edition of *Europaperspektiv*, researchers in law, economics, and political science examine what it means for the Union's inner and outer borders that the EU now finds itself in a global environment marked by conflicting norms, rising strategic tensions, and competition between systems and regulatory frameworks. How has the European security order been reshaped by Russia's invasion of Ukraine? How should the latter country's reconstruction be carried out, and what role will the EU play in that process? What does the geopolitical shift mean for the EU as a global trading power? Can the Union continue to disseminate norms internationally and within its neighbourhood? What does the energy transition mean in the wake of the war in Ukraine, especially given the EU's apparent vulnerability due to its dependence on Russian gas and oil? How can the integrity of the EU's financial market be protected? Are existing instruments sufficient to combat money laundering and the financing of terrorism? How has the Union's border policy developed, what forms does it take, and how can it handle the tension between working for open borders internally and building up stricter border surveillance externally? These are some of the questions this book seeks to answer.

The Union's internal and external borders – nine perspectives

In the book's first chapter, *Johanna Pettersson Fürst* takes on the book's overarching theme head on. What is the impact, she asks, of growing tensions over border policy on the measures taken to control movement across EU borders? The main issue she addresses is how policies in this area challenge and contribute to European integration. Pettersson Fürst understands borders as political institutions created and maintained through processes in which material conditions, political decisions, and patterns of behaviour interact. In order to understand the consequences of border policy for European integration, she employs a theoretical framework with two dimensions: First, does a given policy apply to internal or to external borders? Second, does it tend to dismantle or to strengthen the borders in question? Pettersson Fürst analyses developments in three different dimensions of EU border policy. The first has to do with 'temporary internal border controls', the use of which increased significantly in connection with the refugee crisis of 2015, as well as later during the corona pandemic. Here, she shows how internal border controls have challenged the very core of the Schengen Agreement, through the temporary halt to freedom of movement they have entailed. The second dimension concerns developments in the EU's external border policies, the aim of which is to control migration from outside the Union. External border controls have successively increased, both in terms of resources and mandates for the European Border and Coast Guard Agency (also known as Frontex), and geographically, as border controls are moved beyond the EU's external borders. The third dimension of border policy relates to EU investments in new technology for border control. To conclude, Pettersson Fürst discusses how these different trends

can be understood from the standpoint of integration. The strengthening of both internal and external borders can be seen as defensive integration. As Pettersson Fürst sees it, there are risks associated with the tightening of borders as a simple solution to complex problems. She concludes with a call for a clear defence of free movement of people and fundamental rights.

In the second chapter of the book, *Fredrik Sjöholm* considers the return of borders in Europe and in the world from the standpoint of trade. Trade within the EU, as well as between it and the rest of the world, is facing higher barriers. This trend can in part be explained, Sjöholm shows, by the distributive effects of globalization. More specifically, groups that have lost out from globalization – whose jobs were moved out of the country, for example – have voted for more protectionist and inward-looking policies. Noting the influence on the EU of developments in China and the US, Sjöholm further elaborates the view of globalization in those two countries. The rise of China, with its state-controlled economy, has helped to change views on economic policy in other countries as well – towards a more positive view of direct involvement by the state. The US, with its protectionist policies and big investments in industry, has also influenced the EU in various ways.

The result, according to Sjöholm, has been a general concern within the Union that the EU's companies are lagging behind competitors in other countries. A stronger focus on industrial policy is evident, both in the EU and in individual member states. A long series of planned measures, if introduced, will work as a regime change in European policy on the respective roles of the state and of the market. This also involves a changed view of globalization, with openness to trade and foreign direct investment taking a backseat to a more inward-looking approach. Sjöholm argues that this emerging strategy – with its more active industrial policy, in which governments select companies and industries for special support and protect them against competition – is negative for growth and prosperity. Instead, Sjöholm contends, the EU should maintain open borders. This applies to both internal and external borders. In other words, the Union must ensure a well-functioning internal market, and it should work for an open and rules-based global trade regime.

In the third chapter, *Marja-Liisa Öberg* examines the outer limits of the internal market and their importance for EU foreign policy, particularly in relation to the Union's neighbours. The internal market, as Öberg sees it, is the core of European integration. It has also gained greater external importance for the Union. Through various types of international agreement, third countries are given the opportunity to participate in the internal market, in exchange for adopting the Union's regulatory framework in the areas concerned. The goals range from the establishment of initial partnerships with third countries to the full-scale integration of non-member states into the internal market. Öberg begins with a discussion of the importance of the internal market for relations within the Union. She then considers its impact on the EU's dealings with its immediate neighbours. Her treatment embraces both

states that seek closer relations with the Union in hopes of eventually joining it, and states that desire a close relationship with the EU but do not wish to become members, such as Switzerland and the UK.

Öberg believes the application of the internal market's regulatory framework, and the strong economic and political ties to the Union thereby forged, have become the key to a long-term commitment to the European project both within and outside the Union. Trade within the region is mainly conducted in accordance with EU regulations – a fact which confirms, in the view of the author, its status as the region's normative superpower. Russia's war in Ukraine has further underlined the importance of cooperation between the EU and its neighbours within the framework of the internal market. Besides being an important marketplace and a primary pillar of the Union's integration, the expanded internal market has gained greater symbolic importance as representing a choice between paths – between Europe's sphere of influence and Russia's.

Citing the importance of the internal market within the Union, as well as for EU policy towards neighbouring states, Öberg argues that the extended bounds of the internal market constitute a highly significant part of the EU's external policy, serving to consolidate its leading role in the region. The expansion of the internal market offers third countries an excellent opportunity to identify themselves as members of the wider European community, thereby cementing their long-term commitment to the project of European integration. Öberg contends that, while the formal, physical, and administrative borders of the Union persist, the borders of the internal market continue to fade, thereby broadening and deepening the project of European integration and promoting common security and prosperity. In conclusion, Öberg argues, the Union should continue to deploy the attraction of the internal market in its dealings with its neighbours. Flexible integration should serve as the benchmark here, without by virtue of that eliminating the formal boundary between member states and third countries which EU membership entails.

In the book's fourth chapter, *Ann-Kristin Jonasson* discusses how the EU has undertaken in its governing documents to spread its fundamental values – democracy, human rights, and the norms based on these – in the international arena. At the same time, the Union has been subject to stinging criticism for not being the normative or 'good' actor it likes to portray itself as. Like all other international actors, critics claim, the EU pursues its own short-term interests above all – sometimes at the expense of its cherished values. Such a gap between word and deed is cause for concern, according to scholars in the field. It runs the risk of eroding the Union's legitimacy, thereby reducing its global influence. Indeed, Jonasson argues, the Union may be undermining the norms and values themselves, by failing to act in line with them or to defend them when they are challenged. In this time of conflict, when the democratic order is under threat worldwide, the Union must work to protect – both within its borders and beyond them – norms and values linked to democracy and human rights, even if the short-term effect of so doing conflicts with its own short-term interests.

In order to ascertain how the EU can best work to disseminate such norms, Jonasson reviews what commentators in this area regard as necessary if value-based norms are to be spread. She also considers the EU's own experiences in this context. In particular, she examines and compares its efforts to promote democracy and to promote climate goals in its southern neighbourhood. Success in promoting democracy has been notably absent, whereas work on the climate seems to have fared better. This, Jonasson argues, is because efforts on behalf of the climate, unlike those aiming to promote democracy, are based on what researchers highlight as crucial for the successful dissemination of value-based norms: i.e., they reflect a genuine desire on the part of both parties to embrace the norms in question and to promote their spread. The work of introducing such norms is thus locally owned, and their dissemination is based on reciprocity and dialogue between the EU and its partner countries. Jonasson stresses in conclusion that, instead of pursuing its own short-term interests, the Union should contribute to the development of democratic goals in its partner countries and encourage local ownership of their realization. By taking part in a true dialogue, the EU can work to spread the value-based norms which form the foundation for its existence.

In the book's fifth chapter, *Pär Hallström* takes a broad approach to understanding the EU's role in the world. His point of departure is that the model of society on which the nations of Europe and the EU are based – with democracy, human rights, the rule of law, and a liberal economy that allows state intervention to achieve social goals – is not just being called into question by Russia's invasion of Ukraine. Other developments too pose a challenge to the Union, among them Europe's diminishing role in the world economy, especially in relation to authoritarian China, and its declining share of the world's population, not least in relation to the countries of Africa.

Against this background, Hallström analyses the ability of the EU and its member states to meet these challenges by influencing the larger world, directly and indirectly, to adopt European values. He does this by compiling and systematically examining the factors he considers crucial in that process, with particular stress on their legal aspects. He begins with a look at different geopolitical theories, and at the distinction between political, economic, and soft power. On this basis, he examines how a European-inspired social and legal system has been adopted globally, but often in such a way as to take on a local colour when it encounters a traditional culture. On the other hand, the EU's more technical and economic norms have undoubtedly inspired corresponding rules in other countries and its organization has served as a model for other regional associations. Internally, the EU took over decision-making power in the field of foreign trade from its member states, thus acquiring an important instrument with which to exercise economic/political power for its purposes. Externally, the EU proffered the support for the WTO on the basis of its inclination towards international free trade, a stance which has increasingly been challenged by China's aspiration to become the Middle Kingdom once again. Hallström concludes that the EU, despite the major challenges it faces, has an opportunity to influence the rest of the world

in favour of the ideals that form its foundation. It possesses, namely, the economic and soft power needed, and it can use the law as a means.

In the sixth chapter of the book, *Torbjörn Becker* and *Anders Åslund* analyse how the mutual dependence of the EU and Russia has developed. Their focus is on Russia's energy exports to the Union. The question Becker and Åslund pose in their chapter is whether this dependence will lead to division or to greater cohesion within the EU, now that Russia's war of aggression against Ukraine has forced the Union to reconsider its dependence on Russian energy. Over the short term, sanctions and the war have put a halt to a large proportion of Russian gas exports to the EU, and energy prices have skyrocketed as a consequence. Becker and Åslund show how the interdependence between the EU and Russia looks with respect to different types of energy, and they discuss in the light of this the sanctions and counter-sanctions implemented and planned by both sides as a result of the Russian war in Ukraine. The short-term effects of these sanctions, Becker and Åslund contend, will be palpable both in Europe and in Russia; but Russia will be the big loser in the end, both with regard to its relationship with the EU and in terms of its own economic development. Energy exports are a fundamental driving force for the Russian economy, and the country will not be able without major political and institutional changes to wean itself from dependence on the export of fossil energy. Without a new leadership in Russia that prioritizes law and order within the country over the exercise of power outside it, the economic prospects for the country are dim at best. For the EU, the big challenge will be to manage the internal cracks that come to light when the relationship with Russia is reconsidered. The EU has an historic opportunity now, in the judgement of Becker and Åslund, to speed up its green transition, while at the same time improving its security by making itself independent of Russian energy. This may require some transfers within the Union, in order to counteract divisions that may arise when countries with varying economic conditions and differing levels of dependence on Russian energy have to compromise on how the transition is to be achieved. Becker and Åslund conclude that, if the EU and its member states are able to reach consensus in such negotiations, the effect will be to strengthen both the EU's energy security and its external borders.

In the seventh chapter, *Maria Bergström* analyses the Union's law and policy against money laundering and the financing of terrorism. Money laundering is an ever-changing threat that must be constantly combatted, for it continually facilitates new forms of criminal activity: drug trafficking in the 1980s; organized crime in the 1990s; terrorism after 11 September 2001; tax fraud in the 2010s. Taking her point of departure in the development of the EU's regulatory framework, Bergström describes the various threats, interests, and actors involved. The main question she poses is what the legal challenges are, whether they are addressed by existing instruments and current legislative proposals, and whether there is room for further reforms.

Bergström identifies a set of challenges for the emerging regulatory framework: First, the increase in public-private cooperation, in which private actors are involved in designing the regulatory framework and are assigned 'police' tasks. Second, the exchange of information and the special problems posed by digitization. Third, the interface between administrative law and criminal law, as well as different types of sanctions. Fourth, the long-standing 'securitization' of money laundering and of terrorism financing, which among other things has called forth an increased competence for the EU's institutions. With the increased fragmentation and digitization of central aspects of our modern world, recently updated regulatory frameworks face swiftly mounting challenges. The hope, according to Bergström, is that the diversity of tools that will be at the disposal of the Commission and of a proposed central Union agency will enable the EU to keep pace with the complex and rapidly shifting international environment in this area, with its fluctuating risks, without by virtue of that resulting in restrictions on fundamental rights. Bergström also looks at the latest legislative package, which is being discussed in the European Parliament and the Council. She considers it of special importance that developments be monitored in this area, so that society's efforts to respond to constantly changing threats do not result in restrictions on the fundamental rights of individuals.

In chapter eight, *Kjell Engelbrekt* asks the overarching question of whether Russia's war in Ukraine signals the definitive collapse of the European security order, or whether there are prospects for the latter's renewal in more robust guise within a near future. Engelbrekt reviews the origins and nature of the European security order, whereupon he delineates its current exposure to an exceptional challenge. Said challenge consists in the fact that one of the guarantor powers for stability and security – not just regionally but globally as well – Russia, has attacked a neighbouring country with full force, thereby casting aside the most fundamental norms and principles of the United Nations Charter. It bears stressing in this connection that the members of a regional security order are so intertwined that both the actions of individual governments and significant events within each country potentially impinge on the security of the others. It is thus clear, according to Engelbrekt, that the Kremlin's brutal war of aggression against Ukraine directly threatens the whole of Europe, as well as making individual countries along Russia's border vulnerable and thus damaging them economically and socially.

Further, Engelbrekt discusses how Europe – via the EU, NATO, and other organizations – sought in 2022 to ensure that Moscow would fail in its ambition to reshape the European security order to its own advantage. The measures taken include sanctions; increasingly generous humanitarian, financial, and military support for Ukraine from the countries of Europe; and extensive diplomatic efforts to meet the challenge at a global level – in the UN, the G7, the G20, and other forums. One factor that in Engelbrekt's judgement will be important for the rest of this decade will be how Germany uses the additional one hundred billion euros it has allocated to the *Bundeswehr*, its armed forces. This involves a potential defence capability of a level that can also prove significant outside of Europe and its

immediate surroundings, at least if the forces in question are allowed to work together with those of other EU and NATO countries.

Engelbrekt argues in conclusion that the EU and its member states need to look over their house in the area of security policy. They must do what they can to preserve their political unity and to reduce their dependence on Russian energy, fertilizers, and other income-generating exports – all the while building up their capacity to defend themselves against the threat from the east by various societal and military means. Engelbrekt avers that most European states have already renewed or expanded their commitment to increase defence spending, as the US has long called on NATO members to do. In addition, there are several signs the Union is about to shift the focus of its security policy away from an emphasis on economic investments in its neighbours to the south and east, and towards a more traditional geopolitical approach where the stress lies on military power, energy security, access to strategic raw materials, and investments in technological competence within areas important for the defence industry.

In the ninth chapter of the book, *Anders Åslund and Torbjörn Becker* outline a plan for the reconstruction of Ukraine, with the aim of one day making the country a full member of the EU. Åslund and Becker remind us that the war in Ukraine will eventually end, at which point the EU must be ready to help the country build anew for a better future in the Union. Already now, in early 2023, the costs for Ukraine's reconstruction are enormous, and they are increasing with each day the war continues.

Ukraine will therefore need far-reaching support, which should be managed within the framework of an EU agency devoted to the purpose. The task of such a body would be to coordinate donors and to maintain a close dialogue with the government of Ukraine on goals and processes. Åslund and Becker also point out other important principles for such a reconstruction: the aid must arrive quickly, but be subject to conditions ensuring it is used in the best manner for all of the country's citizens; the assistance should take the form of a grant and not a loan; and the focus of the rebuilding effort should be on creating a sustainable economy with a clear green transition in terms of energy and infrastructure. Ukraine's entry into the Union, moreover, must be an important factor in prioritizing institutional reforms that strengthen the reconstruction of all parts of Ukrainian society. Important points on the EU agenda ought to include securing the short-term financing of Ukraine's national budget while the war is ongoing; working for a start to negotiations on Ukrainian membership in the first half of 2023; and ensuring there is a clear plan for how the outside world is to organize and finance Ukraine's long-term reconstruction. A successful Ukraine within the EU, Åslund and Becker point out in conclusion, will enhance the security and prosperity not just of Ukraine itself, but of the entire Union as well.

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