

Europe's Differentiation Imperative

Janis A. Emmanouilidis

If pro-European liberal democratic forces were asked to design the continent's order from scratch, they would not replicate the EU as it currently stands. Instead, they would aim to construct a far more capable, democratically modernized, and strategically coherent polity—one that could effectively defend Europe's vital interests and fundamental values in an era defined by geopolitical rivalry, geoeconomic confrontation, and democratic backsliding. While a full-fledged federal Europe should function as a normative compass, this is politically unrealistic in the foreseeable future.¹⁸ Differentiated integration must therefore become an imperative and a structural feature of renewal for the future of European integration.

In an age of permanent crisis, unity should not mean uniformity.¹⁹ No doubt, unified ambition and collective action supported by all member states would be preferable to variable integration. But if the twenty-seven EU members cannot move in the same direction at the same time, and if Europe is to safeguard its collective future, it must enable those that are willing and able to do so to deepen their level of integration. This differentiated cooperation should follow existing pathways in the EU's treaties when possible, go beyond them when necessary, and, if all else fails, take new constitutional forms.

Differentiation in the Age of Permacrisis

Since the 2008 global financial crisis, Europeans have lived in what analysts have described as a “permacrisis”: not a sequence of isolated disruptions but a structural condition of continuous instability and uncertainty.²⁰ This will continue in the future. In response, what is required is “perchange”—a permanent capacity to adapt institutions and governance structures to multiplying challenges.²¹ Standing still or muddling through is not an option if Europeans want to defend their interests and their open, pluralist democracies. The stakes are existential.

Yet, despite remarkable crisis-management efforts over the past decades, a structural discrepancy remains between Europeans' rhetorical ambition and their political delivery. Too often, Europeans are trapped in what economist Fabian Zuleeg has called a “progress illusion”: an

attempt to manage increasing disruptions through linear, incremental reforms that inevitably fall short.²² Preventing collapse replaces the need for transformative change.

Thus, the reactions to the eurozone crisis that began in 2009 stabilized the common currency but did not create a genuine economic and fiscal union. The response to the 2015 European migration crisis reduced migrant inflows but left structural governance questions unresolved. Ambitious visions to enhance Europe's competitiveness have not yet been matched by decisive implementation. And the response to Russia's war against Ukraine since 2022 has been unprecedented but always constrained by lowest-common-denominator logic.

This pattern points to a deeper structural issue: The EU's operating system struggles to generate timely and far-reaching collective decisions in an increasingly heterogeneous polity of twenty-seven—and, at some point in the future, perhaps thirty or more—member states.

In this context, differentiation is a sign not of weakness but of realism and ambition. It is neither new nor anomalous. The Schengen passport-free travel area and the euro show that European integration has long advanced at variable speeds. What needs to change is the scale and centrality of differentiation.

If uniform deepening proves politically unattainable, and if what this author has called “gradual incrementalism” is insufficient, those willing to advance should not be held back by governments unwilling to move forward.²³ In some cases, political ingenuity allows the EU to circumvent the obstruction of one or a small number of members through alternative arrangements supported by an overwhelming majority. For example, in 2023–2025, when Hungary blocked various initiatives for EU financial and military support for Ukraine, the plans were politically endorsed by the other twenty-six member states.

But when such avenues are exhausted, accepting higher levels of differentiation becomes unavoidable if Europe is to prevent paralysis and preserve its capacity to act. It is highly likely that such situations will arise more often in the future, particularly if EU-critical political forces gain influence in more member states.

So, the question is not whether there will be a differentiated Europe but what it will—or, rather, should—look like. The central challenge lies in designing differentiation in a way that enhances the continent's ability to act and strengthens political cohesion among pro-European liberal forces willing to progress. Three interlinked strategic pathways can be envisaged to move Europe toward substantially higher levels of differentiation.

Systematic Use of Existing Instruments

The first pathway involves the full exploitation of the differentiation instruments embedded in the EU treaties. For too long, the bloc has treated these tools as exceptional or politically sensitive. In an era of permachange, they should become normal and legitimate instruments of governance in key policy areas.

Enhanced cooperation allows a group of member states to deepen integration within the EU framework while relying on its existing institutions, based on clearly defined processes and rules. This setup preserves legal coherence and democratic anchoring. If the unanimity requirement or a lack of political will continues to obstruct progress in areas such as capital-markets integration, joint investments in strategic industries, or the development of new fiscal tools, governments that are prepared to move forward should use treaty-based differentiation instruments to achieve progress.

The same logic applies in the field of defense. Given the gravity of the current geopolitical environment and fundamental uncertainties about the continent's future security architecture, collective European actions still struggle to live up to Europe's needs. But this should not justify stagnation among the most willing actors. A small group of states should be able to coordinate procurement, strengthen industrial capacity, invest jointly, and enhance interoperability among themselves while remaining firmly rooted in the union's overall framework.

EU enlargement may equally require differentiated approaches. If the need for unanimity obstructs the formal accession process of candidate countries, including Ukraine, while a good number of EU members and institutions are ready to make enlargement a reality, the EU may need to explore alternative pathways. In such circumstances, willing member states might have to advance sectoral cooperation efforts, even in the face of opposition from other EU governments.

Going a step farther, enhanced cooperation could serve as a vehicle to improve EU governance itself, provided that participating states are prepared to move beyond decisionmaking by unanimity. This consideration is particularly relevant because enhanced cooperation is tied to the underlying decisionmaking rules of the respective policy area: When the treaties require unanimity, unanimity also applies in enhanced cooperation.

However, despite its untapped potential, treaty-based differentiation has structural limits. The instruments enshrined in the EU treaties include manifold political, institutional, and legal safeguards to make sure that their use does not undermine the functioning of the union and the roles of its institutions. The use of enhanced cooperation depends on a minimum level of political tolerance, as its activation requires formal authorization by the EU Council.

This procedural design presupposes that a sufficiently broad coalition of member states is willing to push such initiatives to proceed within the EU framework. However, governments fundamentally opposed to deeper integration may seek to constrain or politically undermine the use of enhanced cooperation. What is more, the treaties offer only limited scope for the structured involvement of non-EU partners in ambitious coalitions. In a geopolitical environment in which strategic cooperation increasingly transcends the union's borders, this rigidity may prove a significant constraint.

An Open Supragovernmental Avant-Garde

When the EU's treaty instruments prove insufficient to allow the willing and able to progress within the EU framework, a second pathway becomes relevant: the establishment of an Open Supragovernmental Avant-Garde (OSAG).²⁴ This approach acknowledges that European integration may, at times, need to proceed beyond the confines of the EU treaties while remaining normatively, politically, and institutionally anchored in the existing union. Under constrained political conditions, OSAG can function as a laboratory for innovation, enabling participating states and EU institutions to experiment with new, more flexible arrangements in strategic domains central to Europe's autonomy, including security and defense.

OSAG would neither undermine nor replace the EU; it would complement and reinforce it. The avant-garde's primary objective would be to safeguard the union's capacity to act by allowing willing and able states to deepen cooperation outside the EU's treaty framework without being held hostage by veto players within the union. For such an arrangement to be politically legitimate and sustainable, it would have to be grounded in a clearly defined set of principles.²⁵

First, OSAG would need to be open and inclusive. All EU members would need to be allowed to participate, provided they accept the avant-garde's objectives and obligations. OSAG would not be a closed club but an open framework governed by clearly articulated commitments.

Second, even while operating outside the EU treaties, OSAG should remain firmly within the union's legal, institutional, and normative principles. Full compatibility with EU law and the preservation of the European single market would be indispensable. Any perception of fragmenting EU law or creating parallel legal orders would risk undermining the cohesion that OSAG would seek to protect and advance.

Third, OSAG should aim to involve—and, when possible, strengthen the role of—the EU institutions. It should refrain from establishing permanent parallel institutional structures outside the union. Institutional transparency and robust democratic scrutiny would be essential. This would require the structured involvement of national parliaments and meaningful engagement with the European Parliament to avoid the impression of technocratic or exclusivist differentiation.

Fourth, OSAG must not be conceived as a permanent alternative to the EU. It would need to be explicitly oriented toward eventual integration into the union's treaty framework once the political conditions allow. In this sense, it should function as an accelerator of integration rather than a substitute for it—a mechanism designed to preserve unity through structured flexibility rather than dilute the achievements and advantages of European integration.

Fifth, OSAG could offer a framework for structured cooperation with non-EU partners, including future members and like-minded European and non-European countries, whose geopolitical and geoeconomic alignment would be essential. In doing so, the avant-garde would acknowledge that Europe's strategic environment no longer neatly coincides with the union's legal borders. OSAG would enable the formation of coalitions of the willing while ensuring that participating EU members remain firmly anchored in the broader European construction.

The risks associated with the creation of such an avant-garde should not be underestimated. Intergovernmental cooperation outside the EU treaties could generate institutional complexity and foster fragmentation. It would thus require careful design to avoid alienation or the impression of exclusion. Yet, paralysis carries risks of its own. If differentiation is confined to the lowest common denominator, the union's strategic capacity may erode in precisely those domains where decisiveness and coherence are most urgently required.

In the current European and international geopolitical environment, defense is the most pressing field in which to apply the OSAG logic. The proposal of European Commissioner for Defense and Space Andrius Kubilius for a European Security Council on the basis of an intergovernmental treaty points in this direction.²⁶ Involving both EU and non-EU countries, the council could take on the responsibility to fill capability gaps and include crisis management in case of military aggression against any of its members while conserving as much as possible of NATO's operational system.

A New Supranational Entity

If the use of existing EU instruments or the creation of an avant-garde were to prove insufficient to overcome the EU's structural paralysis, pro-European liberal democratic forces might ultimately be compelled to think and act more decisively outside and in parallel to the existing union.

The most far-reaching—and, undoubtedly, most controversial—option would be the creation of a new supranational entity among a core group of willing states. This would constitute not simply intensified cooperation but a genuine constitutional refoundation: a smaller coalition deciding to endow common institutions with substantial executive and legislative powers; accept binding, majority-based decisionmaking in strategic policy areas; and equip the new structure with a meaningful joint fiscal capacity. In essence, it would amount to the formation of a federal core in Europe.

Such a step might become thinkable if blockages in the existing union framework turned persistent and systemic. If key EU members were governed by forces that were not merely reluctant to deepen integration but actively sought to revert to what this author has called a "Europe of Fatherlands," and if ambitious forms of differentiation were repeatedly obstructed or vetoed, episodic paralysis could become structural.²⁷ In such a scenario, governments

committed to safeguarding a capable and values-based Europe could face a stark choice: accept gradual regression or undertake constitutional innovation among themselves. Thinking outside the box may then be no longer provocative but necessary.

The advantages of a new federal core would lie in its clarity, cohesion, and capacity to act. A smaller, more cohesive group could respond more swiftly and forcefully to geopolitical pressures, project strategic coherence externally, and, potentially, generate a gravitational pull for others willing to assume comparable commitments later on.

But the risks of creating a new federal union would be substantial. Institutional duplication, legal complexity, and heightened political tensions between participating and nonparticipating states could weaken overall cohesion and generate new dividing lines across the continent. For these reasons, the creation of a new supranational entity should be conceived not as a political objective but as a contingency safeguard—the outer boundary of differentiated integration. It represents the most far-reaching response to systemic paralysis, and the very fact that it must be contemplated underscores the gravity of the challenges Europe may confront in the years ahead.

The Political Imperative of Differentiation

In an ideal world, differentiated European integration would not be required. A collective and comprehensive federal deepening involving all EU member states would be preferable. Yet, the Europe of today is characterized by structural heterogeneity, growing political contestation, sustained external pressures, and a lack of shared will to intensify cooperation and integration.

Since a collective major federal leap is politically unattainable in the foreseeable future, the above pathways to higher levels of differentiation can serve as a bridge between present constraints and future ambition. Europe's ability to act decisively—even if not all countries move simultaneously—may ultimately determine whether the continent remains a consequential global actor or gradually drifts into strategic irrelevance. The central strategic question is therefore not whether more differentiation will occur, but what form it should take and under what conditions it becomes necessary.

If pro-European liberal democratic forces wish to defend Europe's core interests and fundamental values, they must be prepared to advance with those willing to assume greater responsibilities. Unity should not mean paralysis serving as a pretext for inertia or lowest-common-denominator solutions. In an age of permacrisis, the capacity to act—even in variable formats—becomes a precondition for legitimacy, delivery, and the purposeful survival of European integration.