

**TOWARDS MORE SUPRANATIONALISM OR LESS?**  
**A Study on the Variation in European Integration Decision-**  
**Making Logics and Behavioural Norms**

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## ABSTRACT

Distinctive features of European integration in the post-Maastricht period gave rise to ‘the new intergovernmentalism’ theory, which explains the extensive degree of integration without further transfers of competences to supranational institutions by the proliferation of deliberative and consensual behaviour among the EU national actors in intergovernmental settings. While evidence suggests that this is indeed the general trend, numerous departures from consensual behaviour exhibited by the Member States in the same time period indicate the need for further research to explain the variation in the integration process across policy areas. The thesis picks up on this call and analyses the factors that push the integration in one or another direction, putting forward a possible explanation for the deviations from the general trends of intensified policy coordination and avoidance of authority delegation to core supranational institutions of the EU.

Both formal supranationalism as transfer of competences and the practice of supranational behavioural patterns are taken into account in the analysis, and two explanatory variables are proposed: issue linkage, based on the degree of existing institutionalisation of supranationalism, and perceived threat to the national security of a Member State. Based on the case studies of the EU energy policy and defence and security policy, the thesis concludes that European integration does not follow ‘new intergovernmental’ patterns consistently: in certain cases, issue linkage provides for an expansion of authority delegation to core supranational institutions, and in other cases, Member States’ perception of integration policies as infringing on national sovereignty and security results in a switch back to the logic of liberal intergovernmental behaviour of self-interested bargaining.

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## INTRODUCTION

Most recent European integration studies have strived to build a bridge between the supranationalist and intergovernmentalist rhetorics and a term of ‘new intergovernmentalism’ was coined to account for an arguably new stage of European integration after Maastricht, characterized by the avoidance of further power delegation to traditional supranational bodies of the EU but coupled with intense proliferation of supranational methods of decision-making into the intergovernmental bodies (Bickerton *et al.* 2015a). Namely, deliberation and consensus-seeking, traditionally associated with supranational behavioural dynamics, have confidently entered and stayed in the intergovernmental institutional settings of the European Union (Bickerton *et al.* 2015a, 711), shaping the European integration of the last decades into a previously unimaginable blend of ‘supranationalised’ intergovernmentalism. As intergovernmental decision-making by the Member States became more supranational in the character of negotiations, the traditional intergovernmentalist theory stopped being sufficient in explaining EU integration with its self-interested bargaining between nation-states that would use their veto power whenever needed. In the words of Bickerton *et al.* (2015a, 733), key supranational norms of deliberation and consensus-seeking have since 1992 been ‘disembedded’ from solely supranationalism and established their continued presence within the formally intergovernmental settings, providing for a ‘messy reality’ mix of intergovernmentalism and supranationalism.

This thesis accepts the premise that the EU is now in the era of ‘new intergovernmentalism’, as the supranational norm of policy co-ordination affects more and more policy areas of EU integration, which previously were governed by intergovernmental decision-making. Nonetheless, the tendency to seek consensus and

to deliberate has not always been consistent in the post-Maastricht period. In fact, the departures from consensus-seeking behaviour in this period were also numerous and suggest that hardline intergovernmentalism (as postulated by Moravcsik (1993)) is still very much alive in the EU structures (Schimmelfenning 2015). In foreign and security policy, when the EU was slow to decide on a joint intervention in Mali in 2013, France launched a unilateral operation, despite the lack of support from its EU partners. Moreover, many cases of the Member States choosing to opt-out from specific sectoral policy integration put into question the pervasiveness of consensus-seeking and deliberation trend in EU policy-making and call for examination of the reasons for the variation of Member States' behaviour in different areas of EU integration.

The puzzle that this thesis is concerned with is the following: why is policy co-ordination a preferred method of European integration on many occasions, but hard bargaining and defense of self-interest of the Member States via veto and exit threats still persist time to time? Why did some Member States openly go against the Commission rulings about the South Stream bilateral agreements with Russia being in breach of EU legislation and proceeded with signing deals with Gazprom and supporting the project? Is there in fact a certainty with which one can argue that 'new intergovernmentalism' will definitely take over the intergovernmentalism of the previous years, making deliberation and desire to seek consensus most important in the determination of policies and decision-making in the European Union? The current state of affairs suggests that there are and will be important deviations from this course, and this thesis is concerned with finding out what can explain the degree to which intergovernmental decision-making takes on supranational characteristics and/or gives way to supranational actors in certain policy areas of EU activity and in

certain situations, but does not do the same in others, remaining or reversing to being behaviourally purely intergovernmental. The analysis is done on the basis of EU integration in foreign policy, as this field has traditionally been under intergovernmental dimension and has recently been developing very dynamically and intensively (Bickerton *et al.* 2015b, 732), representing an interesting case for integration patterns research.

This thesis attempts to explain the degree of supranational ‘penetration’ into areas of intergovernmental decision-making with several variables. The first factor playing a role is, according to this work, the degree of formal institutionalization of supranationalism in the area in question, which will be referred to as the *issue linkage* factor. It reflects the role played by the European Commission or the Court of Justice of the EU (CJEU): if the area has been governed or affected by supranational actors before and could be connected to the new policy areas into which integration extends, the latter policy areas are more likely to expect more supranational involvement in decision-making than would the policy areas, for which there was previously no record of supranational involvement in any form or instance. The second variable with which Member States’ preferences for new- or liberal- intergovernmental behaviour is explained in this work is the *perception of national security and sovereignty being at stake* (threatened). It is argued that whenever a common EU policy, developed as a result of more supranational-type decision-making – either in the intergovernmental institutions of the EU or by supranational actors themselves, – directly contradicts the national interests and threatens the national security and sovereignty as perceived by the national governments, Member States will, in the first case, switch from supranational behavioural logics to liberal intergovernmental ones, or, in the second case, attempt to challenge and circumscribe the authority of

supranational actors to expand their influence over EU integration and lead it into this controversial direction.

The potential of these variables in explaining the degree of supranational influence within intergovernmental policy-making in the EU is examined in this thesis on two case studies, spanning two areas of EU activity, closely related to foreign policy: energy policy and defence and security policy. The choice of these is based on two factors. First, the cases are similar in terms of the clear importance and affiliation of these two policy areas to the core state powers, which determine the viability of a nation state. And second, in both areas, some degree of commitment to policy co-ordination at supranational level is to be observed; however, the cases are different in the issue linkage dimension, with the supranational actors exercising significantly less authority in defence and security sector than they do in energy policy. This work strives to provide a feasible explanation for the divergence in the integration dynamics of these policy areas over the recent years.

The following chapter of this thesis lays out the current state of the research on European integration, tracking the development of scholarly ideas that explain the deepening of EU integration with different logics. It outlines the hypotheses of ‘new intergovernmentalism’ and identifies the research gap this project intends to fill by examining two selected case studies. These case studies are analysed in detail in the second chapter. The importance of the issue linkage factor and the perceptions of threat to national sovereignty is explored on the basis of particular policy examples and important events and developments in each sector. In the conclusions, findings of the thesis are presented along with the implications it has both for the research on new intergovernmentalism theory and for the understanding of the integration in EU



energy and defence and security sectors. Suggestions for future research are made at the end.

## **CHAPTER 1.      A TIE BETWEEN INTERGOVERNMENTALISM AND SUPRANATIONALISM**

### **1.1 Competing Theories**

Academic world is in a state of disagreement about the European Union's present and future. The course of European integration is questioned by a variety of scholars and different paths are proposed. If we take the formulation of neofunctionalism theory by Haas in 1958 as the beginning of EU integration studies and theory-building (Moravcsik 1993, 474), then the subject has fascinated academics for more than half a century already. Yet, there are still different theories with alternative beliefs on the importance of intergovernmentalism and supranationalism in European integration.

Neofunctionalism and its 'spillover' concept, which contradicted realism and put the spotlight onto the non-state actors and new central authorities, in particular the European Commission, was the first general theory of regional integration and became somewhat of an ideology in itself for the supranational institutions of the EU (Chryssochoou 2001, 54-58). It was itself later criticised on empirical grounds and contested by the liberal intergovernmentalism theory in the 1990s, which suggested that EU Member States were still the ultimate authority in European integration decision-making and gave pre-eminence to the rational choices of national leaders rather than supranational institutions of the then European Community (Moravcsik and Schimmelfenning 2009, 68-69). These liberal intergovernmentalism assumptions were made in light of the developments up till the 1990s: the promise of ever more dynamic integration and functional and political spillover effects was not fulfilled in practice, 'the states of Western Europe did not lie down and let supranationality walk

over them' (Church 1996, 20, qtd in Chryssochoou 2001, 58). Instead, liberal intergovernmentalism believed the creation and delegation of authority to supranational organizations was a way for the states to secure the outcomes of substantive bargains, based on their relative bargaining power and pre-defined preferences (Moravcsik and Schimmelfenning 2009, 69). In essence, Moravcsik did not deny international institutions some significance, but framed it terms of institutions allowing for a collectively superior outcome by increasing the efficiency and reducing cost of interstate bargaining in the future.

However, the liberal intergovernmentalism theory had as well gone through many empirical criticisms since its creation. While emphasizing the primacy of powerful domestic preferences within the states and of the intergovernmental bargaining for shaping the course and pace of European integration, the theory refused to attribute to the supranational institutions such as the Commission or the ECJ any decisive role in triggering further integration or affecting the political behaviour of state actors, as well as disregarded the impact of decision-making procedures and institutional preferences (Chryssochoou 2001, 106). From the perspective of federalism, another theory of European integration, liberal intergovernmentalism of Moravcsik also failed to ever provide an answer to why and how the evolution of the European Union has taken such a strong federal direction (Burgess 2009, 35). Federalists believe the EU already constitutes a new federal model thanks to the combined impact of Maastricht, Amsterdam, Nice, and Lisbon Treaties, and federal arrangements in specific policy areas via treaties substitute the need for a constitutionally based federation (Burgess 2009, 43). Institutionalism theory also underlines the unintentional expansion of European integration in the form of 'growth, influence and competence acquisition' by supranational actors,

which happened to the disadvantage of the national governments, demonstrating the limited capacity of Member States to control integration processes (Chryssochoou 2001, 113).

Competing accounts of different theories reveal the disagreement about who is behind the wheel of EU integration and, accordingly, what the future of the process is going to look like. In an attempt to explain the coexistence of both supranational and intergovernmental elements in driving the EU project forward, a recent theory of *new intergovernmentalism* was developed by Christopher Bickerton, Dermot Hodson, and Uwe Puetter. New intergovernmentalism aims to explain a new but consistently reproduced phase in European integration that began with the signing of the Maastricht Treaty in 1992 and characterized the expansion of EU activity for more than two decades since (Bickerton *et al.* 2015a, 703-705). This thesis accepts the premise of new intergovernmentalism, acknowledging its accuracy in capturing the changes in the EU decision-making process over this time period. In what follows, it briefly describes the main points of new intergovernmentalism in order to provide a theoretical ground for the analysis in the case studies.

## **1.2 New Intergovernmentalism – Breaking the Tie?**

The reason Bickerton *et al.* turn to coining a new term for theorizing European integration of the post-Maastricht period is because the unprecedented 'acceleration in EU activity', which surpassed the transition to single market and extended to the spheres of socioeconomic governance, justice and home affairs, and common foreign and security policy with a separate diplomatic service, has not been carried out through the traditional Community method (2015a, 705). Instead, more

integration, while sought after by the Member States, proceeded without any deepening of formal supranationalism (Puetter 2012, 168), i.e. delegation of authority to supranational institutions of the EU has been resisted. At the same time, supranational behavioural norms of deliberation and consensus-seeking have spread from traditional supranational institutions and became the functioning norms of behaviour between EU Member States in intergovernmental settings (Bickerton *et al.* 2015a, 704-706), constituting a departure from liberal intergovernmentalism logics.

To clarify the concepts of ‘intergovernmental’ and ‘supranational’, Bickerton *et al.*, basing their approach on the work of Haas, point out that these concepts refer both to the different decision-making logics and to the behavioural norms associated with them (2015a, 705). This thesis follows in their footsteps of treating supranational decision-making as referring to the Community method type of power transfers from the Member States to the European level, the Commission and CJEU in particular, and of distinguishing that from the supranational behavioural norms of deliberation and consensus-seeking, which have proliferated into intergovernmental decision-making without the legal delegation of authority (Bickerton *et al.* 2015a, 706). In addition to that, the authors make a distinction between traditional supranational (eg. the Commission and CJEU) and traditional intergovernmental institutions with voluntary policy-coordination (eg. the European Council, the Council of Ministers, the Eurogroup, and high-level policy committees), which this thesis follows through its analysis.

New intergovernmentalism makes important contributions to the understanding of European integration. First, it underlines the fact that, although the preferences of the Member States on economic issues have converged after Maastricht, allowing for a widening of the scope of EU activities, this ideational

convergence eventually resulted not in the delegation to supranational institutions but surprisingly in increased intergovernmental co-operation, with the Member States clearly preferring the open method of co-ordination to the Community method (Bickerton *et al.* 2015a, 709). Second, new intergovernmentalism suggests that domestic preference formation was obstructed in these years by the end of permissive consensus and the disenchantment of citizens with their national governments, which made involvement into pan-European policy-making less attractive for national governments and made them turn to more informal ways of decision-making at the European level (Bickerton *et al.* 2015a, 710-711). The result of this is the intensified policy co-ordination between the political elites of the Member States. Thirdly, the distrust of national democracy spurred questions of public justification and legitimacy, motivating the Member States to avoid any further delegation of authority to the Commission and the Court of Justice of the EU; and yet, the perceived need for collective action and new institutional frameworks in many new spheres of EU policy-making prompted the creation of more agencies and narrow-mandate institutions, which did not contest the Member States' control over decision-making in the deepened integration process and were not prone to 'mission creep' like the traditional supranational institutions (Bickerton *et al.* 2015a, 713-714). Thus, the new intergovernmentalism shifts the focus of attention on the process characteristics of integration rather than concentrating on the outcome only.

The idea of new intergovernmentalism has its origins in the extensive scholarship exploring the blurring of the division between supranational and intergovernmental in the EU institutions. The distant roots of it might be said to exist in the literature assessing the effects of Europeanization – the Member States are subject to the convergence pressures and the influence of the EU 'club' membership

and as such are obliged to behave and act accordingly instead of shaping European policy according to their interests at stake (Wong 2011, 159). This suggests that hard bargaining based on national preferences should become less relevant in such context, contradicting liberal intergovernmentalism assumptions.

More specifically, predating the new intergovernmentalism theory is the idea of *deliberative intergovernmentalism*, which developed from the study of the working dynamics inside the European Council and in essence stated that foreign policy coordination there is occurring via consensus formation among Member States governments (Puetter 2012). Intensified policy coordination in various spheres affecting national sovereignty is seen as a result of the combination of the belief that only a common EU position and collective response can be effective nowadays and of the reluctance to make new formal transfers of decision-making powers to the supranational (Community) level (Puetter 2013, 10). Smith (2013, 1311) adds that since no further policy delegation to a supranational body in the sphere of European foreign policy decision-making is envisioned by the Member States, EU policy elites turn to networking, socialization and learning as consensus-building mechanisms.

Determination of the EU foreign policy has particularly interested many scholars concerned with the intergovernmental/supranational standoff. The reason for this interest lies in the very nature of this state activity – control over foreign policy and security issues is crucial to national sovereignty and ceding authority in this area to the EU has long been a problematic idea for its Member States. This was why under the Treaty of Maastricht, which first introduced a notion of some political integration of Europe, the Common Foreign and Security Policy (CFSP) constituted the second pillar, based on intergovernmental cooperation method with the Council having a major role, whereas the power of the supranational bodies of the EU in this

area was circumscribed. Intergovernmental approach to foreign policy formulation and decision-making persisted after the abolition of the pillar system with the Lisbon Treaty: even though the CFSP was now in the shared competency of the EU, the ultimate decision-making authority was still left in the hands of the Council and the European Council. Hence, it is no surprise that analysing the proliferation of supranationalism into this traditionally intergovernmental sphere is a particularly interesting case for academics.

One direction of research has focused on the key agencies and committees, to which foreign policy determination in the EU has arguably shifted from the level of the heads of state or government. Despite the unanimity requirement for foreign policy decisions by the Foreign Affairs Council and the European Council, the policy options and decisions are in fact determined and formulated in advance by the working groups and key committees, and by the PSC and COREPER at a later stage (Glukhova 2014, 7). Elements of supranationalism in policy formulation are more readily found in these committees due to their socialization dynamics. Such committees as the Committee of Permanent Representatives (COREPER), Political and Security Committee (PSC), the European Union Military Committee (EUMC), Committee for Civilian Crisis Management (CIVCOM), the Council Secretariat Working Groups (CWGs), and the European Defence Agency (EDA) are all taking part in shaping the decisions in foreign policy (Howorth 2011, 5). From the study of work dynamics in these committees a theory of *supranational intergovernmentalism* was developed, which aimed to account both for the legal intergovernmental basis of the decision-making in the sphere of foreign policy and for the real-life day-to-day socialization trends inside the key committees. Alike the deliberative intergovernmentalism theory with its focus on senior level decision-makers, the



theory of supranational intergovernmentalism states that national representatives in such intergovernmental agencies do not only defend their national preferences there, but equally well excel at promoting the benefits of consensus-oriented decision-making in foreign policy before their own national governments (Howorth 2011, 6-7). The fostered expectations of working towards consensus and being capable of defending a collective position has over time helped to build socialization dynamics between these national agents and contributed to a supranationalisation of decision-making.

A particularly relevant example of this in the foreign policy sphere is the ‘consultation reflex’ developed within the Political and Security Committee, responsibilities of which range from preparing the Council Conclusions in the areas of its competency to being the central actor in EU crisis management (Juncos and Reynolds 2007, 136). Separate studies of the PSC arrived at the conclusion that the framework of repeated negotiations and strategies of persuasion resulted in close cooperation in the committee, making a search for compromise, consensus-building, and a problem-solving approach the preferred methods of decision-making in the PSC at the expense of hard-bargaining tactics (Howorth 2011, Juncos and Reynolds 2007). Such supranationalisation of the working methods of a key intergovernmental agency supports the validity of new intergovernmentalism claims.

### **1.3 Research Gap**

New intergovernmentalism states that EU integration in the post-Maastricht period was advanced and deepened through intensification of policy co-ordination between the Member States, while the constitutional framework of the EU has not been changed much and further delegation of powers to supranational authorities has

been quite rare (Bickerton *et al.* 2015a, 704). Nonetheless, in the same period many examples of state behaviour opposite to the consensus-seeking were observed, which is much more in line with the realism and liberal intergovernmentalism schools of thought.

Realism theory suggests that common foreign and security policy of the EU is dominated by the more resourceful and powerful Member states, such as Germany, France and the United Kingdom, which will debate on a common position satisfying their interests and impose the decision on the rest of the EU. From the realism perspective, composition of so called EU foreign policy in fact allows these large Member States, acting as agents of the Union-wide policies, to support their national interests with the ‘politics of scale’ argument and gain more credit for what they decide because of the involvement of the EU (Wong 2011, 164).

Liberal intergovernmentalism also refused to cede its position at explaining EU integration to the newcomer. Numerous instances of Member States resorting to traditionally intergovernmental behaviour occurred during the Euro crisis, for example: the rescue negotiations have seen many veto, exit and exclusion threats, while hard bargaining remained a permanent feature of negotiations over the budget and institutional matters, and veto threats were made against changing the Council votes distribution, etc. (Schimmelfenning 2015, 726). Moreover, the fact that post-Maastricht, there were many cases of the Member States choosing to opt-out from various sectoral policy integration points out to the internally differentiated integration, where EU rules do not apply uniformly across its Member States (Leuffen *et al.* 2013, 192). Thus, consensus-seeking and deliberation trends in EU policy-making are far from being universally applied.

Hence, although the intensification of policy-coordination and informal methods of decision-making in the EU have definitely been observed in the post-Maastricht period, giving rise to the concept of ‘new intergovernmentalism’, there remains much variation in the behaviour of the Member States across policy sectors with opt-outs from specific policy regimes, which constitutes the research gap and needs to be explained. This thesis aims to do that in the second chapter by looking at two areas: defence and security policy and energy security. Both defence and energy relations are included in the broad conception of EU foreign policy and are closely linked with national sovereignty and security, yet differ in the extent of supranational influence within the sectors. Interestingly, in the defence sector, although common defence does create autonomy costs and even identity concerns, there are practically no opt-outs and almost uniform integration across Member States is observed (Leuffen *et al.* 2013, 198) without much supranational involvement. At the same time, integration in the energy sphere, where the Commission has extensive competencies, has recently caused some Member States to vote their concerns about their national interests in preserving energy security and, as a consequence, question the integration process in this sphere. This case selection thus allows examining the explanatory power of the issue linkage and the perception of threat to national sovereignty variables in accounting for the variation of Member States’ behaviour across policy areas. Before proceeding to the case studies, the next two paragraphs briefly explain the research methods used in the thesis.

### *Research Methods*

This thesis is built primarily upon the archival research, which combines the analysis of the primary documents, containing first-hand information from EU institutions (eg. European Council Conclusions, Commission communications, etc.),

and analysis and review of the relevant secondary literature. The virtue of secondary literature in this research area lies, among other things, in benefiting from the interviews of senior national and EU officials already conducted by academic scholars, which deals with the problem of high access barriers and limited availability of such interviewees. Complementing these methods is analysis of media sources, which provide a valuable input with senior officials statements and interviews on specific issues and events, ensuring up-to-date understanding of EU integration in the studied policy areas.

Case-study research in the thesis follows the small-N case studies method, comparing the two case studies in their characteristics and trying to establish a causal mechanism between the explanatory variables and the degree of supranationalism intervention with intergovernmental decision-making in EU integration. The method benefits from the possibility of supporting the argument with abundant data and attention to detail, which helps to focus on the causal mechanisms.

## **CHAPTER 2.     HOW FAR CAN IT GO: PROLIFERATION OF SUPRANATIONALISM... OR TRIUMPH OF INTERGOVERNMENTALISM STILL?**

### **2.1     Defence and Security Policy**

Defence and security area has always been an intergovernmental sphere due to its importance in determining the autonomy of a nation-state. Control by the state over its armed forces is both a 'cornerstone of modern statehood' and 'an expression of its national sovereignty' (Leuffen *et al.* 2013, 205). Being 'a special kind of politics', security and defence not only demand special treatment within the nation-states, but also necessitate cautiousness with regards to reducing national control in interstate relations (Menon 2013, 77). It is not surprising then that proliferation of supranational methods of decision-making into this area should be most difficult, which makes the case of security and defence policy in the EU very interesting for examination of the trends this thesis is concerned with.

Although the Common Foreign and Security Policy (CFSP) was instituted by the Treaty of Maastricht in 1992, it has not ensured effective responses to crises from the EU right away, inspiring the creation of the institutional and military structure for the European Security and Defence Policy (ESDP), formalized under the Nice Treaty in 2003 (Leuffen *et al.* 2013, 207). Since 2003, 30 foreign security assistance missions were launched under the ESDP (renamed into Common Security and Defence Policy (CSDP) by the Lisbon Treaty), indicating the actual increase in EU security and defence cooperation, not observable in the days of CFSP launch (Smith 2015, 111). Alike the CFSP, the

CSDP fell into the intergovernmental domain of EU policy-making with the decision-making power lying with the unanimity in the Council and the European Council, whereas the European Commission was given only a limited role and the European Parliament and the CJEU were put outside the day-to-day policy-making process (Smith 2015, 112).

*National Sovereignty First*

The meeting of the European Council on December 19-20, 2013, has been the institution's first thematic debate on defence since the signing of the Lisbon Treaty. Building on the belief that CSDP is essential for the security of the EU citizens and peace and stability in the region, and recognizing the need to make it more credible and effective in light of the challenges presented by constrained defence budgets and fragmented EU defence markets, the European Council has called for further cooperation in this area (2013). However, it has done so on the basis and in accordance to the Lisbon Treaty provisions. The spirit of the Conclusions document is visibly intergovernmental. Even though deepening of defence cooperation 'by improving the capacity to conduct missions and operation and by making full use of synergies in order to improve the development and availability of the required civilian and military capabilities, supported by a more integrated, sustainable, innovative and competitive European Defence Technological and Industrial Base' is called upon by the European Council, as well as priority actions are identified to increase the effectiveness, visibility and impact of CSDP; enhance the capabilities development and strengthen the EU defence industry (2013, 2), - all of these calls are made in the form of *encouraging* the Member States to pursue relevant

actions, which essentially points to the power remaining in the intergovernmental dimension.

Across the document, the priority of the Member States in decision-making in defence is underlined through such framing as referring to the willingness of the Member States to develop capabilities based on common standards and decide on common usage, or to the development of more flexible and deployable EU Battle groups being subject to the decision of the Member States (European Council 2013, 4-5). Consultation with the Member States is advised for the European Commission and the High Representative when reporting to the Council about the challenges for the Union, whereas cooperation between Member States with the support of the European Defence Agency is recognized as being the crucial method of action. Most areas of cooperation in defence involve calling upon the Member States, while dual use research is the only sphere where the European Council explicitly calls for action from the Commission to develop proposals about how to stimulate this research further (although again, it is supposed to work closely together with the Member States and the EDA) (2013, 8). Overall, the primacy of the Member States in the defence and security area is underlined throughout the whole document. Traditional supranational institutions seem to be given the assistant roles where their expertise or administrative capacities are necessary.

A Joint Communication to the European Parliament and the Council produced jointly by the High Representative of the EU for Foreign Affairs and Security Policy and the European Commission (2013), dedicated to the EU's comprehensive approach to external conflict and crises, also gives some insight

as to the Member States' continuing primacy in defence matters. The comprehensive approach is aimed at improving the consistency between different EU external action areas, as well as making EU external action more effective and strategic, which was helped by the creation of the High Representative post and establishment of the EEAS in the aftermath of the Lisbon Treaty. The purpose of this joint communication was to promote the application of the comprehensive approach and set out the necessary actions for that. Believing that if EU institutions and Member States work together, EU external relations will be more coherent, visible, and effective, the HR and the Commission underlined the necessity of a 'collective political will, transparency, trust and the pro-active engagement' on the part of the Member States and the significance of Member States policies, actions, and support for more effective and coherent EU responses (2013, 3-4). Furthermore, the Commission and the High Representative specifically addressed the Member States with a request to give their full support for the comprehensive approach as well as to fully engage to ensure that its objectives are indeed achieved (2013, 12). This effort to ensure Member States' involvement suggests how crucial for the whole sphere of external action are the contributions of individual Member States, to say nothing of the CSDP in particular, over which Member States exercise full political control.

The report of the High Representative on the implementation of the December 2013 European Council conclusions on security and defence acknowledges what steps have been taken by the EEAS and the EDA, with the HR as its Head, towards the implementation of the Conclusions topic by topic. They



cover such areas as Early Warning System, Civilian Capability Development Plan, speeding up the planning and deployment of civilian missions, EU Battlegroups, Maritime Security Strategy, Cyber Defence Policy Framework, space, border management, etc. What is essential in this report is that the EDA and the EEAS are consistently mentioned as analysing industrial responses, assessing key skills, competencies and major trends within defence and security sector, elaborating elements of the security regimes, and proposing options and submitting reports (High Representative 2014), – all serving as evidence of them acting upon the decisions taken by the senior intergovernmental actors and being the technical side implementers rather than introducing more elements of supranational decision-making into the defence and security sector decision-making. Particularly, this confirms Menon's doubts about the ability of the EDA to effectively coordinate national defence policies: as its Steering Board is comprised of the Defence Ministers of the participating Member States and the Commission has no role in appointing the Chief Executive, the functions of the non-binding structure of the EDA are significantly limited even in the collection of reliable data, serving as a manifestation of Member States' resolution to retain control over CFSP discussions as well as to protect key national industries from competition through 'national security' rhetoric (2013, 74).

These documents illustrate why there is a considerable solidarity in the European Union regarding the development of the common defence sector. The Member States preserve their right to decisions in the area and do not delegate further competencies to the supranational institutions, apart from preparatory technical work. Unanimity remains the primary decision-making rule. Hence, the

national governments of the Member States are still in charge, there is no threat to national identity, and, as integration is under the intergovernmental governance control, it does not raise much concern or provoke complaints and opt-outs (Leuffen *et al.* 2013, 197). The differentiation within the security and defence policy area is therefore very weak (Leuffen *et al.* 2013, 198). Such a state of affairs seems to confirm Hoffmann's hypothesis that, because of a cruciality of the security policy for a state, nations prefer self-controlled uncertainty and national self-reliance; as well as the realist assumption that in military matters states would by default choose autonomy and independence over any dependence (qtd in Menon 2013, 78).

### *Issue Linkage*

The issue linkage factor does not provide for many opportunities for the extension of institutionalized supranational modes of governance in the defence and security policy of the EU. It has strong intergovernmental features up to date and supranational actors are limited in their capacity to affect the policy decisions regarding security and defence (Leuffen *et al.* 2013, 207). Delegation of decision-making authority in this sector to the Commission and other traditional supranational actors was out of question from the very beginning, and it was agreed that EU Member States will preserve both their right to decide on each CSDP mission by unanimity and the authority to provide resources for these missions deciding on an individual basis (Smith 2015, 114). The defence establishments of the Member States do not form part of an integrated European framework, and the Member States can choose whether and how to participate,

which results in very limited capacities of its own for the EU as well as highly questionable ability on its part to call on the Member States' capacities (Menon 2013, 75). Hence, despite creating the mechanism for common security and defence, the Member States yet again reserved their right of having the final say to each of the decisions about acting or financing operations in this sphere.

Furthermore, since the increase in the CSDP activity required some structures to process it, new institutional arrangements were made within the traditionally intergovernmental Council of Ministers (rather than supranational Commission), which included creating the EU Military Committee, EU Military Staff, and civilian structures, most of which were later consolidated in the new bureaucratic structure of the European External Action Service (EEAS), which was meant to provide a stable framework for the involvement of all actors, including the Commission with its budget oversight function, into the planning and management of CSDP operations (Smith 2015, 115). Creation of such institutions instead of entrusting the European Commission to deal with the new challenges reflects the new intergovernmentalism hypothesis that delegation of authority would be directed not toward supranational institutions but *de novo* bodies (Bickerton *et al.* 2015a). Crucial in this respect is that these bodies were created within the intergovernmental structure of the Council.

An effort to expand supranational influence of the EU over defence and security policy was made through the case law of the European Court of Justice (ECJ) couple of times. Both cases were referred to the ECJ by the Commission: the first concerned questioning whether EU financial contribution to the Economic Community of West African States, decided upon by the Council,

should have been done not under the CFSP provisions but according to the development cooperation policy; the second dealt with defence procurement and arms exports, arguing against Spanish exemption of exports and imports of defence materials from the VAT, which was based on the idea of the Article 296 of the EC Treaty about the necessity of protection of Member State's essential security interests connected with production or trade in arms and war materials (Menon 2013, 71-72). In the first case, the ECJ ruled in favour of the Commission, against the will of the six Member States intervening via the Council and regardless of the Court's formal exclusion from having jurisdiction over the CFSP provisions; in the second, the Court again ruled against the primacy of national prerogatives in defence procurement, stating that Spain failed to demonstrate how the exemption was essential for its security (Menon 2013, 72).

Surely, Member States met these rulings with much unease, seeing them as a supranational creep over their unique competencies in defence and security. As a result, the Lisbon Treaty made sure that, despite the abolition of the pillar structure, the CFSP would remain in the intergovernmental domain, governed by specific rules and procedures, excluding the ECJ from any jurisdiction over it, whereas no new powers to initiate decisions were to be given to the Commission or the European Parliament by the new provisions on the CFSP (Menon 2013, 72). Thus, the desire of the Member States to prevent the 'mission creep' of the Commission of the ECJ from their existing mandates and into the defence and security sphere was legally enshrined in the EU law.

The cases of supranational influence over the defence and security sector are very rare and are more of an exception, whereas the rule in the field is the

determination of the Member States to preserve their prerogatives in foreign and security policy-making without giving EU regulations any leeway for expansion (Menon 2013, 72). Interviews of senior officials from the EU Member States also reveal the general reluctance among some of the states to endow the EEAS with more independent authority to respond to crisis situations (Smith 2013, 1310). It remains clear that Member States have not relinquished their control over defence and security policy to EU supranational institutions.

In the absence of the push for further integration from the supranational actors due to their lack of capacity to do so, and the consequently low level of supranationalisation in this policy area, the Member States are not demanding opt-outs from integration in defence sector (except for the Danish opt-out in the very beginning) (Leuffen *et al.* 2013, 208). Having the ultimate authority to decide on matters of defence and security left in their hands, Member States are comfortable with the state of integration and proceed with developing new regimes and frameworks in this area as the intergovernmental method so allows, enjoying support from the EEAS and the EDA in their design.

### *Proliferation of Supranational Behavioural Norms*

Formal supranationalism cast aside, Smith (2015) believes that new intergovernmentalism logic has worked its ways into the procedures of the CSDP as the nature of EU cooperation in security and defence changed in the last decade through pragmatic and informal working methods, including intergovernmental integration and experiential learning. Legal transfer of authority to supranational institutions is out of the picture for the foreseeable

future; however, given the political will to proceed with more stable integration in this sphere, informal dynamics within the intergovernmental settings could potentially develop towards more consensus-seeking and deliberation. Indeed, Smith argues that the more difficult it is to reform the formal methods of cooperation to deal with integration in new policy areas, the more will the 'new intergovernmental' (i.e. behaviourally supranational) methods be resorted to (eg. experiential learning in CSDP) (2015, 116). This process is different from the takeover by supranational institutions, as it involves the voluntary cooperation and learning by the intergovernmental actors, who ultimately remain in control of decision-making.

In practice, the strive of the EU to become a more consistent and prominent global political actor resulted in the EU policy elites using social learning mechanisms instead of adopting majoritarian voting rules in the Council or delegating more authority to supranational institutions and bureaucracies (Smith 2015, 118). Major experiential learning experiences occurred within the EUMS, the General Secretariat of the Council, and the office of the High Representative, according to Smith. In the conditions of having to preserve the intergovernmental character of the CSDP, fostering informal methods of cooperation and institutional learning helped to create a “fully functioning foreign/security policy instrument” (Smith 2015, 127).

### *Who Has the Upper Hand?*

At the same time, the bottom line for the security and defence sector still remains the primacy of the Member States in decision-making procedures.

Reaching a consensus position on every case of the CDSP mechanism application is still particularly hard for 28 Member States of the EU, which are bound to have diverging preferences and national objectives on different issues. National interests of the Member States in foreign and security policy, being less reconcilable and more intangible than those in the socio-economic relations, also suffer from the differences entrenched by the European history of competing nation-states with their divergent national responses to international conflicts (Menon 2013, 78).

The 2008 financial crisis and difficulties in implementing the Lisbon Treaty showed the insufficiency of informal methods to deal with the reluctance to more coordinated security policy actions – the supply of CSDP operations decreased, as harmonizing the foreign policy positions of all the Member States is inherently difficult under intergovernmental mode of governance (Smith 2015, 127). In particular, there was no decisive action on the part of the EU to respond to such international crises as the Arab Spring, Mali, Syria and Ukraine in recent years (Smith 2015, 128). In the case of Mali, for instance, there was a unilateral operation on the part of France instead of EU intervention. Indicative of the disagreement between the national leaders at the European Council meeting in December 2013 were the call by the French President Hollande for the establishment of an EU fund to finance unilateral operations of the Member States if those serve European security and the German Chancellor Merkel's refusal to do so on the basis of the EU not having been involved in the decision process on this military mission and, as a consequence, being under no

obligation to fund the mission which France initiated unilaterally because of EU's lethargy in the matter (Rettman 2013).

Thus, even though the European Council have agreed on the need to deepen defence cooperation (2013, 2), the EU leaders at the same meeting of the European Council had completely different ideas about which direction and in what way should this deepening occur. The differences EU Member States have over CSDP tools was most recently vividly expressed in the German unsupportive attitude towards military intervention in Libya as opposed to the attitudes of France and the UK, and threat perceptions by the Member States have shown to be strikingly divergent by scholars (Menon 2013, 80). Another example of the lack of a unified will to integrate defence sector further is the British Prime Minister's statement of his intent to block any ownership or operation by the EU institutions of their own military assets, which contradicted some of the proposals made earlier in the year by the Commission and the European Parliament (Rettman 2013). The Conclusions of the European Council meeting were rather vague and provided no specific solutions as to how to increase the efficiency of the CSDP decision-making and burden-sharing system, which could help to overcome the currently existing disincentives for the Member States to take action (Ricci 2014). Without such efficiency and quickness of response to international crises, integration in defence cannot be called effective. As Menon notes (2013, 79), deployment of military power demands rapid decision-making, and hence, the level of integration has to be higher with central institutions having substantial autonomy, making effective



integration in this sphere much more constraining for Member States than in other policy areas.

Consistency and coherence in CSDP application is thus dependent on whether the EU Member States will agree to a central authority that will be decide when and how to act in a particular crisis situation. Since this is not likely to happen, judging by the current situation on the European political scene and by the documents analysed earlier in this section, we can conclude that integration in the defence and security sector will proceed to be under intergovernmental mode of governance and any supranational behavioural norms that make their way into the intergovernmental institutions dealing with defence and security will in the end be subordinate to the liberal intergovernmentalism logic of Member States' interaction and European integration. The absence of legally instituted authority by the supranational actors in security and defence sector allows for some informal supranational norms development but precludes more systematic and deepened integration in the area apart from that to which all Member States agree.

## **2.2 Energy Policy**

The second case study in this thesis deals with the energy security aspect of EU foreign policy, investigating how prominent are the elements of liberal intergovernmental behaviour of the Member States still and to what extent has the supranationalism entered this area, both in terms of legal transfer of authority to the supranational institutions of the EU and the switch to supranational behavioural

norms of deliberation and consensus-seeking in intergovernmental settings. The conclusions about the applicability of new intergovernmentalism theory to energy policy are not quite clear-cut, which makes the energy case particularly interesting.

To begin with, EU foreign policy in a broad conception of it covers many areas such as trade, development, enlargement, environment, defence, etc. (Jørgensen 2007), and as such lies in the shared competency of many actors. The conduct of the EU foreign policy lies in the hands of the EEAS in the area of CFSP/CSDP, while trade, development and humanitarian aid (as well as the EU's external relations budget) remain under the monitoring of the Commission, and general crisis management is in the responsibility of both (Smith 2013, 1309). This complexity of EU foreign policy determination is highly visible in energy policy: all the market operations related to energy contracts, negotiations, and infrastructure projects are subject to the Commission regulatory powers and the Community method, while crisis situations and other vital to national sovereignty energy security issues are dealt with by intergovernmental actors such as the Council, the European Council, and individual Member States, which leaves the decision-making on EU integration in energy under the influence of opposite forces of supranationalism and intergovernmentalism. Highly geopolitical paths pursued by the national governments of EU Member States get reflected in some aspects of EU energy policy, whereas other aspects remain more under the influence of common technical regulations and cooperation processes, revealing the co-existence of common EU rules and “fiercely independent Member States policies” (Youngs 2014).

This section argues that because of the quite extensive involvement of the Commission as a supranational actor in the EU energy policy for years, the issue

linkage factor is strong in this case: the formally institutionalized supranational authority leads to higher supranational involvement when further integration in the sphere of energy occurs. Yet, as energy security remains perceived as highly important for national security and sovereignty, manifestations of behaviour associated with liberal intergovernmentalism are observed as well. Proliferation of supranational behavioural norms of deliberation and consensus-seeking, advocated by the new intergovernmentalism, is present within the energy sphere where and while the Member States' preferences and interests converge. But these tendencies disappear as soon as there is a perception of a Member State's energy security being threatened by a supranational common position, and a return to traditional intergovernmental behaviour happens, even to a point of questioning the rationality of decisions that lie in the competence of supranational actors already.

Although the cooperation in energy field has been at the heart of European integration from the very beginning, an important development of the recent years is the Energy Union project, launched in February 2015. Its major objectives are combining security of supply, fully-integrated internal market, energy efficiency, emissions reduction, and research and innovation; and work has been done regarding the development of a policy framework for energy and climate, an integrated energy market, and European energy security strategy (European Commission 2015a). For the purposes of our investigation and given the scope of this work, this section will concentrate on the energy security aspects of the Energy Union, although complete separation from the other issues has shown to be impossible, as the economics and politics of energy policy are closely intertwined, thus making the intergovernmental/supranational tie in this sphere all the more intense. Why would energy security be a topic highly salient for the EU Member States at this stage of

European integration? Basically, the answer lies in the influential external effects of EU internal policies and actions on conflict and crisis situations: energy security is one of the areas where this type of effects acquires a growing foreign and security dimension (European Commission and HR 2013, 10). This results in the necessity to manoeuvre between the Commission's sphere of influence and the issues the Member States prefer to retain under their control.

In terms of governance of the Energy Union, the documents remain somewhat ambiguous: “a reliable, transparent and integrated governance system for the Energy Union” is created for the coherent implementation of energy related actions by the Commission, in particular those dealing with internal energy market and framework for climate and energy (European Commission 2015b). This leaves considerable leeway in the interpretation of how actions related to the security of supply are governed and implemented, thus not denying powers to intergovernmental actors.

EU foreign policy has for a long time been affected by EU oil and gas imports, reflecting the vulnerability of this dimension of energy security – ‘one of the EU's Achilles' heels’ in essence (Youngs 2014). The EU's energy dependency ratio (the proportion of energy that an economy must import) for natural gas is equal to 65.8%, meaning more than half of the EU's natural gas consumption comes from imports from non-member countries (“Energy production and imports”). Six of the EU Member States completely depend on Russia for their gas imports, remaining particularly vulnerable to disruptions of supply (European Commission 2015a, 2). Moreover, 24% of the EU's gas imports comes from Russia, with half of it passing through Ukraine (“Conscious Uncoupling”). As natural gas supplies could be used as an instrument of influence in the political negotiations and could endanger the

bargaining position of the EU, the High Representative of the EU for Foreign Affairs and Security Policy acknowledged (2014, 5) that the geopolitical importance of energy security was even more demonstrated by the Ukraine crisis, which demanded systematic approach to energy policy and more cooperation between the EDA, the Commission, and national Ministries of Defence.

*Influence of National Interests in EU-Russia-Ukraine Gas Negotiations*

Although the EU has proceeded with further sanctions against Russia in summer 2014 and has prolonged them since, at the same time the EU adjusted its foreign policy in a way that allowed to secure the gas supply to Europe in the winter of 2014-2015, which had been threatened when gas supplies to Ukraine had been cut by Gazprom because of Ukraine's outstanding debts. The prospect of the winter, for which Ukraine would be in shortage of gas itself, made the EU worried about whether the gas intended for the EU would be delivered to the end users. First step in securing European gas supplies was made by the Commissioner for Energy and Vice-President Guenther Oettinger, who admitted on 28 August 2014 that it was in the interests of the Union to de-escalate the conflict between Ukraine and Russia and find a solution that will allow to continue transit of gas through Ukraine during the winter (Eckert 2014). The deal that secured gas supplies for both EU and Ukrainian citizens was achieved only in October 2014, with the EU acting as a major broker and guarantor of Ukraine's gas purchases, providing the money to pay for the package on par with the IMF ("Russia-Ukraine gas deal").

Prior to that, the EU Foreign Affairs Council, a principle actor in the CFSP decision-making, in the meeting on August 15, 2014, had devoted much attention to

the consultations on the supply of gas and the importance of reaching an agreement between Ukraine and Russia regarding the conditions of gas supply. This agreement was deemed “critical in safeguarding the security of gas supply to Ukraine as well as the unhindered transit of natural gas through Ukraine” (Council of the EU 2014, 3). The Ukrainian authorities were called upon to coordinate with the European Commission any action that might affect energy supplies to the EU. And indeed, the Commission, concerned with the possibility of disruption of gas supplies, encouraged Ukraine to achieve the new agreement, which some Member States described as the primacy of a ‘Russia first’ policy continuation (Youngs 2014). These negotiations illustrate that although the Council and the European Council had decided on a hardline of sanctions to influence further developments in the Ukraine crisis, the national interests of Member States for whom energy security was threatened by the gas supplies stop were taken into account in determining their stance towards Ukraine and Russia.

In the conclusions of the Foreign Affairs Council, the EU spoke with one voice and agreed on the validity of the grounds for the impositions of sanctions on Russia. This could be treated as an example of the results of consensus-seeking behaviour within the Council. However, this common position was challenged not once in the discourse by the national leaders from some Member States, reflecting the perseverance of liberal intergovernmentalism in determining Member States’ foreign policy positions when national (energy) security is at stake. For instance, the statement by Slovakia’s Prime Minister Fico about his intent to veto any additional further sanctions on Russia revealed the dissent inside the EU on the topic and demonstrated that national interests (Slovakia depends on natural gas supplies heavily) still play an important role for the Member States (“Slovak PM slams

sanctions on Russia”). Another example is the Hungarian Prime Minister Orbán recently disapproving of the sanctions on Russia and stating that they amounted to “shooting oneself in the foot” (Woodard 2015). Russia is the dominant gas supplier for Hungary as well. This calls into question a common EU external energy security policy and reflects the traditional approach of the Member States to pursue their own interests in gas imports rather than let EU guide their actions (Youngs 2014). Even some voices within the Commission, notably the EU Energy Chief Oettinger, spoke against sanctions on the Russian gas sector, convinced that all parties will stand to lose from them (“Russian Gas Sector”). Questions of national security in energy, therefore, still impugn the coherence of EU foreign policy.

*South Stream Project: Issue Linkage vs National Interests*

Another case clearly demonstrating how energy security triggers equivocal behaviour of different EU actors is the case of the South Stream project and its recent termination in December 2014. In this case, two factors influencing the degree of supranationalism intervening with intergovernmental areas are explored: issue linkage factor in terms of expansion of the Commission's competences and Member States' perception of their vital national interests being threatened.

The countries that were to become part of the South Stream project included Russia, Serbia, and several EU Member States – Austria, Bulgaria, Croatia, Hungary, Greece and Slovenia. The importance of the project lay in its objective to meet the increased demand of Europe for natural gas supplies and to eliminate transit risks associated with the already existent pipelines transporting gas from Russia to the EU countries, thus creating direct links between natural gas supplier and consumer

(“Project Significance”). The pipeline was intended to transport natural gas from nearby Anapa, Russia, through the Black Sea floor to Varna, Bulgaria, and then run through Serbia, Hungary, Greece, and Slovenia to Austria, Croatia, and Italy. Bulgaria was the project’s key Member State, where the pipeline was to resurface from the Black Sea and run through the country to supply gas to the rest of the Member States party to this project. It was with the Bulgarian part of the pipeline that the issue of compliance of South Stream with the EU legislation was brought up first and caused concerns about the likelihood of the project implementation.

The issue was the violation of the EU competition rules noted by the European Commission, which prevented other gas suppliers from accessing South Stream (Byrne *et al.* 2014). In effect, the Third Energy Package of the EU was violated by Bulgaria in its ownership unbundling aspect, under which one company cannot be both owning the pipeline and supplying the gas (Gurbanov 2015). All the other bilateral agreements on the South Stream construction were also declared to be in the breach of EU law (“South Stream bilateral deals”). Since the Russian company Gazprom turned out to be the supplier and the owner, the Bulgarian government received a demand from Brussels to stop all work on the project, and subsequently, Russian President Vladimir Putin announced on December 1, 2014, that Russia was abandoning the project because of the EU opposition and instead planned to create a gas hub to Southern Europe in Turkey (Dombey and Farchy 2014), substituting South Stream with Turkish Stream. Although the European Commission made sure to point out that this was a legal issue and not a result of political confrontations with Russia (Byrne *et al.* 2014), political and financial issues such as the Ukraine crisis and the EU sanctions on companies like Gazprombank, which was co-sponsoring the South



Stream, all played a role in making the project implementation unrealistic (Gurbanov 2015).

South Stream dispute brought up the traditional intergovernmental behaviour to the scene again. The conflict over the South Stream project future was quite evident between the representatives of Bulgaria and the European Commission. Although Bulgarian government acted upon the request of the Commission and stalled the negotiations and progress on the South Stream, the detrimental effects the cancellation of the project has on Bulgaria and other countries involved was underlined many times and by many officials. While Italy and Austria were among the countries who openly went against the Commission injunction and supported South Stream, believing the project to be able to improve energy security for them (Youngs 2014), Hungarian EU Ambassador directly asked for solutions from the EU High Representative Federica Mogherini, lamenting the subsequent scrapping of Nabucco and South Stream projects, which both could diversify supply routes and earn money for Hungary from transit fees over its territory (Byrne *et al.* 2014). The extent of the disagreement over the project was so large that diplomats again reported difficulties in agreeing on sanctions against Moscow (Byrne *et al.* 2014). This demonstrates that national priorities of the EU Member States are still an important ingredient in determining the common political stance of the Union towards other countries, in particular Russia. Even though EU regulations prescribe a certain course of action with regards to South Stream implementation, the interests of individual Member States and their perceptions of what is to be gained from proceeding with the project intervened with the discussion of not just energy policy but foreign policy decisions about sanctions connected with Russian involvement in the military conflict in Ukraine.

The dissatisfied voices from the Member States are in part the result of the differences between the EU Member States in the extent of their individual dependency on natural gas imports from Russia, with several countries (e.g. Lithuania, Estonia, Finland) relying on it almost 100 percent, some (e.g. Germany – 37%, Italy – 29%) positioned around the EU average, and others (e.g. Britain, Spain, Denmark) not receiving gas supplies from Russia at all (figures of 2012) (“Conscious Uncoupling”). Hence, the national interests of the Member States can be affected at different degrees of intensity when sanctions on Russia or the need for the diversification of gas supplies are proposed, which makes achieving a unified EU position more difficult.

In the particular case of Bulgaria, the cancellation of the South Stream project has an even higher cost for this country than other Member States involved. It even resulted in a visit of the Bulgaria Prime Minister Boyko Borissov to the European Commission with the purpose of raise concerns about the issue of energy resources. Borissov explained how important cooperation with Russia was for Bulgaria, which totally depended on Russia for its natural gas and nuclear fuel as well as for most of its oil and rehabilitation of two modern-design reactors of the Kozloduy nuclear power plant, the functioning of which is essential for political stability in the country and for the population to be able to pay for electricity (Gotev 2015a). Borissov also mentioned several other projects, such as Burgas-Alexandroupoli oil pipeline and the Belene nuclear power plant, which were dismissed by Bulgaria following Western pressure despite huge monetary losses to the country (Gotev 2015a). Not only has the Bulgarian Prime Minister been very vocal about the harm the cancellation of all these projects does to his country, he also insisted that the Vice President responsible for Energy Union, Maros Šefčovič, took these concerns into consideration during his

visit to Russia and even asked him to lobby Russian counterparts for resuming the South Stream project (Gotev 2015b). Such requests on part of the current Bulgarian government clearly indicate the existence of a strong political will to get Bulgaria out of the present state of energy vulnerability (Matalucci 2015b). Šefčovič indeed asked about this possibility of incorporating Bulgaria in the project again (which is now connecting the offshore pipeline to an onshore part in Turkey instead), which the Russian President later referred to as the Commission having second thoughts on the issue (Gotev 2015b). This development also indicates that when national stability and economic solvency is at stake, the interests of the individual Member States get to be taken into account by the EU-level officials in their negotiations with foreign actors.

On the other hand, one can notice some sort of learning curve happening on the part of the EU Member States as well with regards to incorporating the achievement of their national objectives within the legal framework imposed on them by the EU-level legislation. Such is the case with Greece, which is now involved in negotiations with Russia over the role it wants to play in the Turkish Stream project as a hub between Turkey and the EU consumers. Seizing the opportunity arising from South Stream scrapping, economically struggling Greece seeks to attract profits from transit taxes and investment in its economy via participation in the Turkish Stream; however, the Greek Prime Minister Alexis Tsipras in his visit to Moscow in April 2015 underlined that this participation will comply with the EU Third Energy Package and its requirements for unbundling (Michalopoulos 2015). Although the new Greek government is putting Greece “on a collision course with Europe” because of its opposition to the bailout conditions of the EU and the IMF and plans to reverse the austerity measures in the country and renegotiate Greek debts (Henley 2015), the

comment of Tsipras on compliance with the EU legislation in dealing with the Turkish Stream project indicates that Greece is not seeking to allow its economic interests' pursuit with Russia evolve into an open disagreement with the EU as a whole over handling energy dialogue with Gazprom and, thus, is not challenging EU supranational authority in establishing the rules for energy market regulations.

Returning to the issue linkage factor, South Stream project story has contributed to the proliferation of formal supranational influence over energy security policy of the EU. Energy Security Strategy, released in May 2014, underlined the importance of speaking with one voice in external energy policy and avoiding interventionist measures by national governments into the supplies of energy (European Commission 2014). The Commission's proposal on Energy Union of February 25, 2015, approved by the European Council in March 2015, with the purpose of reinforcing transparency and compliance with EU legislation of Intergovernmental Agreements (IGAs) of the Member States with third countries regarding energy purchases and related activities, increased the Commission's role in the negotiations by obliging the Member States to inform the Commission about such agreements at an early stage of negotiations, so that their compatibility with internal market rules and security of supply criteria are checked in advance (European Commission 2015a, 7). The TTE (Energy) Council meeting on 8 June 2015 also reaffirmed the necessity of compliance of energy deals with existing EU legislation (Council of the EU 2015). This proposal serves as a testimony to the European Commission's effort to enlarge its competencies and prevent decision-making power from returning to the national level (Matalucci 2015a), despite some Member States' (eg. Hungary) concerns that mandatory disclosure of the IGAs is against their national interests and infringes on their national sovereignty ("Šefčovič hopes to

convince Orbán”). The Commission, building up on the momentum, went even more into expanding the role of supranationalism in EU energy policy, proposing the reinforcement of the powers and more independence for the Agency for Cooperation of Energy Regulators, essentially suggesting to create a European energy regulator (European Commission 2015a, 9). Thus, one can see the strong determination on the part of the Commission to strengthen its role in this sector, which was always considered a crucial sphere for national sovereignty, and hence, subject to intergovernmental decision-making. Developments in this direction were made possible by the opportunity to link the issues that were already in the Commission’s competence to the issues that came up on the agenda recently with the Energy Union discussions in light of the current energy relations between the EU and Russia.

Thus, two trends can be pointed out regarding the applicability of new intergovernmentalism. First, there is an expansion of formally institutionalized supranationalism in energy security sphere, contrary to the idea that no further delegation to supranational institutions happens. Second, although supranational behavioural norms might have worked their way into the Council and European Council, as well as the related agencies and committees, the perceived threat to Member States’ national interests from EU-wide policies results in a comeback of traditional intergovernmental behaviour of self-interested states, although it is constrained by the existing framework of already adopted legislation. Since it still evokes strong objections from national governments, this conflict between the EU position and Member States’ interests might lead to questioning and revisiting the division of competencies in the area.

## CONCLUSIONS

Analysis of the integration processes in the recent years in two spheres of EU foreign policy has allowed to test the applicability of new intergovernmentalism theory in practice. Striving to understand the variation in the degree to which supranational behavioural norms as well as delegation of authority to supranational institutions occurs within the areas that are highly important for national sovereignty and therefore were traditionally under the Member States' control, the thesis proposed and outlined the variables that can explain this type of variation. The two variables discussed in the work are the issue linkage and the perception of national interests being endangered. The issue linkage appears to be the most important factor in determining how much formal supranationalisation of decision-making in a specific policy area occurs when integration extends into covering new issues. The perception of a threat to national interests and security variable answers for the variation in the desire of the Member States to pursue supranational behavioural norms of consensus-seeking and deliberation in the area of intergovernmental decision-making.

The contribution of the thesis is threefold. First, it contributes to the understanding and further calibration of the new intergovernmentalism theory. Starting from acknowledging that the dynamics of EU integration have indeed changed in the post-Maastricht period, and recognizing that the intergovernmental institutions of the EU, such as the Council, the European Council, and the agencies and committees responsible for the preparatory and administrative work, have in general significantly reduced the use of hard-bargaining techniques and other manifestations of purely intergovernmental behaviour, the thesis explored whether

the new working dynamics of deliberation and consensus-seeking, which the new intergovernmentalism suggests to have taken over the decision-making, are in fact consistently followed and preferred when deciding on any policy issue. Doing this on the example of two aspects of foreign policy, an area of EU integration with perhaps the strongest intergovernmental roots and links, the thesis concludes that although new intergovernmentalism accounts for much of the changes in the integration dynamics in the EU, there is still quite a number of issues on which Member States decide in the traditional liberal intergovernmental fashion and some areas in which supranationalism remains strong.

Second, the thesis contributes to the understanding of the integration process in the defence and security sphere of EU foreign policy. A characteristic feature here is the absence of issue linkage opportunities for the Commission and the CJEU, which prevents them from extending supranational influence over this intergovernmental area of policy-making. The attempts of the ECJ and the Commission to extend their influence on issues under the CFSP provisions were met with very unfavourable reactions from the Member States, reflected in the Lisbon Treaty, which specifically excluded the Commission and the ECJ from interpreting the provisions as giving any authority to them over the CFSP/CSDP. This case serves as perhaps the most vivid example of the Member States' reluctance to cede authority in the area of defence and security, considered by them most crucial and inalienable to national sovereignty. Whilst the integration proceeds incrementally and still leaves the decisive power in the hands of the Member States, they do not oppose it. However, whenever there is an attempt at more supranational regulation or whenever the national priorities are perceived to be at stake, the Member States fight back and return to defending national priorities, thus preventing the establishment of a common

defence policy and market, which the supranational actors like the Commission propose. Hence, there are limitations to the applicability and potential of new intergovernmentalism in ensuring that the EU becomes a coherent and credible actor in defence and security policy on global arena.

Lastly, this work makes a contribution into the research field on the energy policy of the EU, an area from which European integration began and which in the last decade has acquired significant foreign policy relevance, thereby remaining subject to intergovernmental control in some of its aspects. The peculiar feature of the energy integration is the combination of the extensive competences given to the Commission in managing all of the market-side and climate change-related aspects of energy policy and the ultimate decision-making power belonging to the Member States when national energy security is concerned. Issue linkage, allowing the Commission to strengthen its role, has become even more prominent of a factor with the creation of the Energy Union in 2015, suggesting more formal supranationalisation is about to take place in EU energy integration. At the same time, national priorities rhetoric has been evoked in this policy area as well, reflecting the Member States' concern about their energy security as the common EU energy policy is getting more zealously pursued by the Commission. Thus, the deliberation and consensus-seeking dynamics lost their newly acquired dominance once national preferences were significantly adversely affected by EU integration. However, despite the divergent voices from the Member States, integration in energy policy is proceeding in a more consistent and coherent fashion than in defence sector due to the Commission's initially stronger, and increasingly so, role in driving it.



The scope of this work does not allow for an exhaustive study of all the variables that affect the degree and format in which supranationalism intervenes with the intergovernmental decision-making in the EU. Instead, this study concentrated on two variables – issue linkage and national security perception – as the most plausible in explaining the variation of developments across policy areas; however, further research is needed to determine what other factors influence Member States' choices of behaviour and governance methods in integration processes. Similarly, while this thesis dwells upon two issue areas in EU foreign policy, the external validity of the study could benefit from testing the instrumentality of the two variables identified in explaining the variation in supranationalisation of integration in other policy areas. Suggested areas for investigation are monetary, taxation policies, and financial regulation, which have become highly salient and politicized policy areas following the 2008 financial crisis and, therefore, offer good opportunities for the analysis of the tie between intergovernmentalism and supranationalism and the explanatory potential of new intergovernmentalism. Such studies could contribute valuable insights for determining the future of the decision-making dynamics of EU integration.

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