



Contending European Views on a New Post-Brexit Balance

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INTRODUCTION

If the botched effort to reach agreement over the next long-term EU budget and the muddled response to the new coronavirus outbreak are any indication, post-Brexit political dynamics in Europe will not be smooth sailing. There was a strong consensus among the union's twenty-seven remaining member states during the first phase of negotiations with the UK before it left the EU at the end of January 2020. By contrast, growing divisions should be expected to surface in the aftermath of Brexit.

This is because the UK's departure leaves enormous political and financial gaps in the EU. Power in the bloc will shift toward Germany and especially France led by a dynamic and ambitious President Emmanuel Macron. Moreover, the loss of the union's biggest non-eurozone member will move the center of gravity more toward the

eurozone members, will leave a [75 billion euro hole](#) in the EU budget, and will raise questions about the EU's future direction. In particular, the absence of British influence in Brussels will test the EU's continuing commitment to fiscal responsibility, free trade, and enlargement—areas traditionally championed by the UK.

The relationship between France and Germany is currently out of sync and is likely to remain so with Chancellor Angela Merkel a lame duck until Germany's next elections, which are scheduled for 2021. Macron sees Brexit as an [opportunity](#) for a “European renaissance” and has put forth a series of ambitious EU reform ideas, notably in his September 2017 [Sorbonne speech](#) and his March 2019 [address](#) dubbed his “message to the citizens of Europe.” Meanwhile, Germany has been dragging its feet, and its response so far has been lukewarm. Though their visions for the EU



differ starkly, Macron and Merkel were at least able to recently issue a [joint call](#) for a two-year “conference on the future of Europe” to discuss what a future reform agenda could look like.

Nonetheless, many smaller member states are concerned about the prospects of a stronger Franco-German axis eventually forming after Brexit. As a result, they are adapting their own EU policies and are forging new regional groupings and ad hoc coalitions to influence the union’s orientation. Though some of these formats predate Brexit, their relevance and functions have expanded in its wake. The countries involved want to use these new formats to serve as a counterweight to the Franco-German duo—or to the other regional blocs.

So far, much of the debate on the impact of Brexit on the EU’s future has focused on the roles of France and Germany. It is worthwhile to compare the dominant views on the consequences of Brexit held by Northern, Southern, and Central and Eastern Europe to judge if a new post-Brexit EU balance is foreseeable.

THE VIEW FROM NORTHERN EUROPE

The group of small and midsized northern EU member states consists of the Nordic and Baltic countries, the Netherlands, and sometimes Austria, Belgium, and Ireland. While not a homogenous group, they share similar outlooks and concerns about the impact of Brexit on the union’s future.

These countries traditionally viewed the UK as a like-minded partner in the EU. For most of them, it stood for a shared, liberal, open, and internationalist outlook as well as a strong commitment to free trade and fiscal discipline. They also shared skepticism of greater integrationist ambitions. Like the UK, Denmark and Sweden have remained outside of the monetary union. Denmark has also, over the years, opted out of EU

cooperation in areas like defense and security as well as justice and home affairs. Moreover, having had the UK serve as a counterweight to the Franco-German axis served the northern member states well. London frequently assumed the role of bad cop in negotiations in Brussels, thus often allowing northern states to hide behind the UK to avoid being seen as obstinate.

In the wake of Brexit, the northern member states are concerned that the orientation of the EU will change. They especially fear a stronger drive toward deeper fiscal integration, a notion that the UK acted as a bulwark against. A joint eurozone budget and a fiscal union are not popular ideas among non-eurozone countries like Denmark and Sweden. Even some northern eurozone countries (like the Netherlands) that are also net contributors to the EU budget express similar sentiments. In addition, the northern member states worry that the EU, pushed by Macron, will adopt a more protectionist outlook on issues like competition, industrial policy, and trade policy. On foreign and security policy, they fear declining support for the EU relationship with the United States and a harder push toward European strategic autonomy, also as advocated by Macron.

As for the negotiations between the EU and the UK, which commenced on March 3, 2020, the northern member states want to see a swift conclusion to the talks that results in the establishment of a strong post-Brexit partnership between the two sides. They are especially keen to ensure that a comprehensive trade agreement is reached before the end of the year, as the UK is one of the [top trading partners](#) for several of them. They would also like to see any agreement cover other areas of cooperation such as foreign and security policy. At the same time, they are reluctant to embrace the idea of a European Security Council or the notion of stronger E3 cooperation between France, Germany, and the UK for fear of a diminished role for themselves in shaping EU foreign policy.

As a result of these concerns surrounding Brexit, the northern member states are adapting their strategies in the EU accordingly. First, they have been forced to assume more pragmatic approaches toward certain reform proposals and initiatives. They remain skeptical but are no longer able to hide behind the UK's position and do not wish to be exposed as intransigent. One example is Sweden's switch from a skeptical view of EU defense cooperation to a [more pragmatic one](#) in recent years.

Second, northern member states have stepped up attempts to forge stronger cooperation among themselves within the EU. This includes [ongoing Nordic cooperation](#), which has increasingly been expanded to include the three Baltic states and thus constitute a larger grouping known as the Nordic-Baltic Six (NB6). Even so, there are still notable differences within the Nordic group when it comes to EU integration. Finland is generally more integration-minded than Sweden or Denmark, as are the Baltic countries compared to their wealthier Nordic neighbors. Another notable effort toward stronger cooperation is the Dutch-led [New Hanseatic League](#), which has regularly met since early 2018, bringing together the [finance ministers](#) of the Nordic and Baltic countries, Ireland, and the Netherlands. Though still embryonic and only covering some issues (such as eurozone integration), the format has the potential to serve as a counterweight to France in its efforts to push reform proposals.

Finally, the northern member states also realize they need to increase their own engagement with France and Germany, as well as forge new ties with potentially like-minded countries elsewhere in the EU. For example, in the ongoing negotiations over the multiannual financial framework (MFF) for 2021–2027, Denmark, the Netherlands, and Sweden [teamed up](#) with Austria (making up the Frugal Four group) to oppose increases in spending and [keep the budget](#) at 1 percent of the EU's GDP. Informal coordination is also taking place

between these four and Germany, which shares many of their positions. In another example, Germany and the Netherlands want to shift EU spending away from areas such as agriculture toward addressing climate change, migration, and the digital economy. Ireland, however, is more closely aligned with France when it comes to protecting agricultural subsidies.

One can expect collaboration among northern member states to deepen and possibly extend beyond fiscal matters to other policy areas. The main question is whether this group can eventually become a more formal coalition, developing its own positive vision for the EU's future rather than simply counterbalancing Germany and France or blocking others' initiatives .

THE VIEW FROM CENTRAL EUROPE

The post-Brexit debate in Central European member states—the Czech Republic, Hungary, Poland, and Slovakia (known collectively as the Visegrad or V4 countries)—has predominantly been shaped by two issues.

The first is concern over the fate of citizens of Central European countries residing in the UK, whose remittances constitute a significant source of growth for their home economies. Out of the approximately 3 million EU citizens in the UK, Central European residents are among the top nationalities. There are nearly 827,000 Poles, 86,000 Hungarians, 64,000 Slovaks, and 44,000 Czechs [living in the UK](#). These Central European countries worry that their citizens' ability to live and work in the UK in the future could be jeopardized.

The second issue is the economic impact of Brexit on the EU writ large. Despite the fact that V4 countries are only [moderately economically integrated](#) with the UK and may suffer significantly less from Brexit than



other member states would, they will also indirectly be affected by Brexit's impact on Germany. This is because Germany is the **number two trading partner** for the UK and the **largest or second-largest investor** in each V4 country.

The V4 countries are particularly concerned that the vacuum that Brexit creates will shift the balance of power in the EU. They will lose a key ally in voicing opposition to further integration and institutionalization of the union. Apart from Slovakia—which is the only eurozone country among the V4 and is in favor of deepening EU and eurozone integration—the other three would prefer that member states remain in charge. In short, they want to see a “Europe of homelands” **rooted in national identity** rather than a political union.

What is more, the V4 fear that a multispeed EU (whereby smaller groups of member states team up on intensified cooperation in certain areas) will become a reality after Brexit and leave them on the periphery. This is especially the case when it comes to defense integration, which is likely to accelerate without the UK's traditional opposition.

The V4 countries also have misgivings about Brexit's effects on EU foreign and defense policy, on enlargement, and on sanctions. The V4 perceive that they have lost their key partner in shaping EU policy toward Russia (especially when it comes to maintaining restrictive measures against it) and promoting the European Neighborhood Policy or enlargement toward the Western Balkans. However, Hungary stands apart in its friendly attitude toward Russia and is ready to undermine V4 unity on maintaining sanctions. With regard to defense matters, the group shares the British view of the need to defend the status quo. The V4 countries long benefited from the way the UK counterbalanced France on the concept of European strategic autonomy and ensured a continued understanding of threats to the eastern flank

of NATO. The V4 will continue to prioritize linking their security to NATO and the United States even after Brexit.

The V4 countries aim at securing transparent, comprehensive, and well-defined cooperation between the EU and the UK. The negotiations on a trade agreement or EU citizens' rights in the UK will condition developments on other aspects of the relationship. While keen on ensuring favorable rights for their citizens residing in the UK, the V4 will still seek to align with Brussels when it comes to the negotiations on the UK's future partnership with the EU to minimize any perception of unjustified favoritism toward the UK. At the same time, keeping close EU-UK ties on foreign and defense policy remains essential for the V4 countries.

In the post-Brexit landscape, the key political and economic partner in the EU for the V4 countries remains Germany, with whom they share a fairly similar vision on the future of Europe and with whom they will seek to **strengthen relations**. When it comes to new formats and links to assert their voices in the EU more strongly, they have several options. The V4 countries are working closely with the **Friends of Cohesion** group, which consists of fifteen Central, Eastern, and Southern European member states, to defend the EU's cohesion and agricultural policies in the ongoing MFF negotiations. Poland and Hungary are also cooperating to push back against the proposal to make cohesion funds contingent on certain democratic and rule of law standards. The V4 countries are also part of the Three Seas Initiative, a group that promotes regional connectivity and infrastructure, together with eight other Baltic, Southeastern, and Eastern European member states.

In addition, individual V4 countries are pursuing their own separate approaches. For example, Poland is showing more interest in renewing its cooperation

within the Weimar Triangle format (with France and Germany), which has been stalled in recent years due to problematic Polish-French relations. Macron recently visited Poland, and the two countries are working together to protect EU agricultural funds in the next MFF. Meanwhile, the Czech Republic has been investing in efforts in the Slavkov Triangle (with Austria and Slovakia). Prague sees Vienna as a potential facilitator in negotiations with older member states, foremost France and Germany.

Given their opposition to France's vision on the future of the EU, the V4 countries may also explore closer cooperation with the Hanseatic countries led by the Netherlands, which share their skepticism about further integration. However, this relationship will not be smooth given the skeptical Dutch position on enlargement in the Western Balkans. Finally, the four countries will keep coordinating their positions within the V4 format and try to capitalize on the fact that Slovakia is part of the eurozone.

In sum, the Czech Republic, Hungary, Poland, and Slovakia are concerned about the EU's future after Brexit. They are seeking to boost cooperation with one another (though internal divisions over the [response to the coronavirus](#) could complicate this), as well as to forge new ties with potentially like-minded northern and southern member states to balance the French-led integration agenda.

THE VIEW FROM SOUTHERN EUROPE

Sometimes referred to as the Club Med, the group of southern EU members includes Cyprus, France, Greece, Italy, Malta, Portugal, and Spain. For many of them, the UK is an important source of trade and investment as well as a [major destination](#) for labor migration.

Since the Brexit referendum, they have issued common declarations at each of their six regional summits, [conveying](#) “regret” over the UK's decision but also “respect” for its will to do so. They have also [expressed](#) a [commitment to unity](#) within the EU in each phase of negotiations and the intention to have the UK as a “close partner” after an “orderly withdrawal” that is essential to guarantee “certainty for citizens and businesses.”

At their two summits in 2019, the southern member states expressed concern over the deadlock of former British prime minister Theresa May's withdrawal agreement in the UK House of Commons and her subsequent resignation. They have neither met nor issued any common declarations since British Prime Minister Boris Johnson took office. Thus, they have not yet put forward an official collective view about the post-Brexit dynamics in the EU, the new phase of negotiations, or the possible need to recalibrate their approach to influence the development of a multispeed EU with different centers of gravity.

Some of the southern member states—such as Spain and Portugal—have sensed an opportunity for advancing integration in the wake of Brexit and expressed support for Macron's reform agenda. They would particularly like to see deeper eurozone integration in the form of a banking union and a eurozone budget between member states based on the principle of solidarity.

An early notable impact of Brexit relates to the MFF negotiations. Southern member states are concerned about becoming collateral damage of an EU budget sans British contributions. During the MFF talks, Cyprus, Greece, Malta, Portugal, and Spain have been more outspoken and coordinated their opposition to a late 2019 proposal by the European Council and Finland's presidency of the Council of the EU for a [12 percent cut](#) in cohesion funds, which provide financial support to



the EU's poorer regions. Some of these countries, such as Portugal and Spain, have already said they would veto the current MFF proposal put forth by the new European Council president, Charles Michel, if the funding for cohesion policies does not reach the same levels as in the 2014–2020 budget cycle.

When it comes to the negotiations on the EU-UK relationship, all southern member states will undoubtedly opt to pursue a close relationship with the UK to control the possible negative effects on citizens' rights, trade, tourism, education, financial services, defense agreements, and intelligence sharing.

The southern member states have sought to deepen cooperation and coordination among themselves in the wake of Brexit. After the UK referendum, the seven of them officially met as a political group for the first time in September 2016. Since then, Cyprus, France, Greece, Italy, Malta, Portugal, and Spain have gathered on five other occasions in the capitals of each country (except for Paris), forging a routine of summits to address current issues facing the EU. The UK's withdrawal from the EU has been a top priority on the agenda and was even the specific focus of the [summit](#) hosted by Spain in April 2017.

With these seven countries (after Brexit) jointly representing close to half of the [EU's total population](#), more than one-third of its [GDP](#), and more than half of the continent's [coastline](#), their regular summits are intended to show a common position. They view this as all the more important in a context of competitive regionalization of EU politics by Northern, Central, and Eastern European member states and the potential intensification of the Franco-German axis of power after the UK's departure.

At the same time, southern member states have also sought to join hands with Central European ones in the Friends of Cohesion group to influence the EU budget discussions. The group met in Slovakia in 2018, the Czech Republic in 2019, and Portugal in February

2020. This framework illustrates the growing relevance of common agendas to define post-Brexit coalitions rather than shared geography, historical background, or personal relationships among leaders.

Individual southern countries are also redefining their respective positions within the EU in the wake of Brexit. For example, Spain is seeking to carve out a role between France and Germany in various domains of EU politics—a role that it assumed immediately after the Brexit referendum in the context of the [Versailles Summit](#) with France, Germany, and Italy. The summits of southern member states will be instrumental for Madrid to maximize its power in certain areas, but they will never be a substitute for Spanish intentions to influence the central axis of EU power. One can even say that [ad hoc alliances](#) will be the new normal for Spain's EU policy. Another example is Portugal, a non-Mediterranean country geopolitically driven by permanent Atlantic interests. Post-Brexit, it might intensify attempts to forge a more common strategy with other member states that have an Atlanticist agenda, such as Denmark and the Netherlands, as well as (separately) the UK.

For southern member states, their relationships with France are the most important ones after Brexit as they realize they will have limited influence on major EU debates without Paris's full commitment to the group and willingness to reinforce its common positions. Paris is also showing some signs of growing interest in being a leader in the group. The fact that France takes part in the summits is evidence that it wishes to diversify and maximize its influence outside the indispensable bilateral dialogue with Germany, particularly as Paris and Berlin have failed to find agreement on issues such as eurozone reform.

At the same time, the influence of southern member states will be limited due to their domestic constraints. Italy and Spain currently face political turmoil with a fragmented party system as a consequence of the eurozone debt crisis and, for Spain, the secessionist

challenge. This erodes their influence in the EU and a coherent post-Brexit vision. The social atmosphere in Italy—whose public support for the EU remains low after the financial and refugee crises and will possibly further weaken after the [coronavirus pandemic](#)—undermines the country’s ability to define and pursue a clear and ambitious post-Brexit strategy. For the time being, Madrid and Rome show little intention to present an alternative to the Franco-German duo.

One can expect continued efforts at forging cooperation among southern member states with France playing a key role—but also efforts to forge new alliances and ties with other potentially like-minded capitals in Central and Eastern Europe in the post-Brexit landscape (see table 1).

CAN A POST-BREXIT BALANCE BE FOUND?

The UK’s departure from the EU has left a gaping hole in the European project. Though Brexit may not constitute an existential threat to the EU (and, certainly, no other member state is likely contemplating following suit anymore), the high level of unity seen among member

states during the first phase of the negotiations with the UK will not last. Growing divisions are likely to surface. And, if anything, the EU’s handling of its first two major post-Brexit tests—the ongoing negotiations over the next MFF and the [fragmented initial response](#) to the coronavirus outbreak—only reinforces this conclusion.

As power inside the EU shifts to France and Germany, the other member states are adapting their strategies for pursuing their interests and influencing the union’s direction. New and invigorated regional blocs of like-minded countries include the NB6 and New Hanseatic League in Northern Europe, the V4 in Central Europe, and Club Med in Southern Europe. Yet many of these still only address certain issues. Others are merely talking shops, and all will continue to face internal differences among their members.

There is also a proliferation of new ad hoc alliances around particular issues, such as the Frugal Four and the Friends of Cohesion formats during the MFF negotiations. Another example is a [recent joint letter](#) from France, Germany, Italy, and Poland calling for an overhaul of EU competition law and a [separate letter](#) by fifteen member states from Northern, Central and Eastern, and Southern Europe cautioning against this.

TABLE 1
Regional Outlooks on the EU’s Post-Brexit Landscape

	Biggest concerns	Major priorities
Northern Europe	A stronger integrationist push on, for example, eurozone reform; more protectionism.	Maintaining the MFF at 1 percent of EU GDP; ensuring continued EU commitment to fiscal responsibility, free trade, and outward-oriented policies.
Central Europe	Cuts in cohesion funds; a more multispeed EU; a harder push for strategic autonomy.	Increasing the size of the next MFF; protecting agriculture spending; keeping new EU defense initiatives at bay.
Southern Europe	Cuts in cohesion funds; loss of momentum on eurozone integration.	Increasing the size of the next MFF; protecting agriculture spending; promoting a fiscal union.

By drawing on more diverse sets of member states spanning different regions, these overlapping alliances seem to buck the trend of growing regionalization of EU politics, allowing countries that share similar interests to more effectively coordinate their policies to exert influence. But for such ad hoc coalitions to be effective among member states that are not always traditional partners, new diplomatic efforts are necessary to promote better understanding of their respective interests, historical backgrounds, and perspectives.

The EU will not be able to forge a new balance until these various regional groups and ad hoc coalitions evolve beyond—in [Macron's words](#)—inflexible “blocking coalitions” into catalysts for positive change. This will require active diplomacy among these groups and will entail some give and take, lest north-south and east-west divisions and other forms of fragmentation should fester over the coming years. The trick will be to identify a modest set of bargains where EU reform is possible. The most pressing issue is finding a compromise on the next EU budget. Any talk of major leaps forward on integration is simply off the table for now. However, it is possible that the coronavirus crisis could strengthen the case for integration in some areas, such as [fiscal reform](#) and [public health policy](#), as a way to provide support and assistance to those countries hit the hardest.

Of course, this does not preclude the possibility that in certain policy areas, such as the eurozone or foreign policy, smaller coalitions of willing member states could still [press ahead](#) with new initiatives as part of a shift toward a more multispeed or “flexible Europe.” Even so, the massive economic, social, and political fallout from the coronavirus crisis will require that member states find ways of managing multispeed cooperation and flexible alliances in constructive ways to preserve EU cohesion at a very trying time.

Ultimately, the only country capable of bridging these divides is Germany. While Macron's vision for the EU is well known—with some member states embracing it, some on the fence, and some clearly against it—Germany has the advantage of not being part of any one particular grouping. Unfortunately, its own EU policy remains somewhat of an enigma. Until it decides on a clear path forward and actively seeks to lead within the union, fragmentation will likely continue to be the defining feature of the EU's post-Brexit future.

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NOTES

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