

EU Reform and Member State National Interest: the Case of Lithuania

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The current state of debate on the reform of European institutions shows signs of stagnation. After a period of participatory ideation during the Conference on the Future of Europe (2021-22), the conversation on the need to reform EU decision making in order to have a more agile union capable of reacting to major challenges retreated into enclosed discussion spaces of think tanks and foreign affairs ministries. The output from these non-public discussions have not been many, the most notable being the paper produced by the Franco-German ‘Group of Twelve’¹, and the reception among other EU Member States was mixed at best.

The need for effective decision-making mechanisms in the EU, however, has not disappeared. Foreign policy decision makers are among those to recognise this need – witness the letter of seven Foreign Affairs ministers published in 2023. There is, however, very low appetite to discuss issues of reform in public fora, even as EU audiences are witnessing the

blockages the rule of unanimity creates for decisions on issues of security and foreign policy. The recent need to placate authoritarian-leaning Hungary in order to impose sanctions on Russia or to open membership negotiations with Ukraine and Moldova is a case in point.

Lithuania: no enthusiasm for reform, but evolving towards acceptance of QMV

Despite or perhaps because of its strongly pro-European public opinion, Lithuania has not been an enthusiast of EU reform. The citizen panel organized as part of the Conference on the Future of Europe, for example, produced multiple proposals for closer coordination on foreign and industrial policy, the reintroduction of migrant quota system, or a revision of EU’s green and energy policies – yet none involved real calls for reform of EU institutional rules. Similarly, Lithuania was one of the thirteen countries to sign a non-paper rejecting attempts to use the Conference to launch a process of Treaty change. It has remained sceptical of calls

¹ Pervenche Berès, Daniela Schwarzer et al (2023) Sailing on High Seas: Reforming and Enlarging the EU for the 21st Century. <https://institutdelors.eu/en/publications/sailing-on-high-seas-reforming-and-enlarging-the-eu-for-the-21st-century/>

for broad institutional reform during the most recent wave of debates on the future of Europe, prompted by the revival of the EU enlargement agenda in late 2023.

Three basic factors determine Lithuania's cautious position on reform of European decision-making procedures and institution: the desire to protect its own institutional powers, the concern about potential fragmentation, and the importance assigned to close ties between the EU and the US. Insofar as the recent calls for reform have been focused on abolishing national vetoes, launching multi-speed integration, or building Europe's "strategic autonomy" (often from Washington), they touched on at least one of Lithuania's key concerns and as such received lukewarm response in Vilnius.

Beyond these fundamental political considerations, Lithuania espouses a pragmatic outlook, whereby support for reform is determined by whether institutional changes are necessary and important to obtain desired policy outcomes. This outlook has defined Lithuania's position on reform and enlargement in particular: asserting that the current Treaty framework and institutional arrangements are flexible enough to allow the EU to accept new members, Vilnius warned against making enlargement hostage to internal institutional debates. At the same time, to facilitate more efficient decision-making in the EU post-accession, Lithuania has been open to exploring potential changes within the existing Treaty framework, such as expanding the use of *passerelle* clauses or constructive abstention practices. This pragmatism also reflects in Lithuania's decision to sign the German-Slovenian non-paper calling for an extension of qualified majority voting (QMV) rules to certain steps of the enlargement process. Specifically, Lithuania supports the proposal that the Revised

Enlargement Methodology, which structures the accession negotiations into six thematic clusters, should be updated to allow the Council to vote on the opening of individual negotiations clusters using QMV.

The limited extension of QMV based on the German-Slovenian proposal, however, may not be enough to remove the potential hurdles to enlargement, as the closing of negotiation chapters and the final decision on accession would remain subject to unanimity vote. As such, willing veto actors could threaten to delay enlargement – and jeopardize a policy goal which Lithuania considers to be of paramount geo-strategic importance. Faced with this prospect, as well as the broader concern that Hungary is intent on undermining common European policy, suggests that Lithuania's pragmatic calculus may evolve further, at least as far as the extension of QMV concerns enlargement and sanctions policy, where Lithuania's positions are shared by most of the EU. For the foreseeable future, however, Lithuania is likely to maintain its long-standing opposition to extending QMV to tax policy and the full spectrum of foreign and security policy issues.

Arguments in depth: the Contra

Lithuania's opposition towards extending QMV to foreign and security policy, as well as tax policy, relate to the desire to retain its institutional power to protect key national interests, as well as to the perceived efficacy of institutional fixes to common European goals. Vilnius is particularly concerned about a scenario where a qualified majority of member states were to seek rapprochement with Russia or adopt policies that would undermine positive

transatlantic relations – decisions that Lithuania would deem going against its national interest. Lithuania is also concerned that extending QMV to tax policy could create situations in which the decisions by a qualified majority of member states would force tax harmonization onto Lithuania, eroding its ability to offer tax incentives to businesses and investors – a policy tool that Vilnius considers crucial for its future growth strategy, predicated on attracting high-value add foreign direct investment.

At the same time, Vilnius insists that institutional rules are not the key obstacle to the EU's efforts to be a stronger foreign policy or economic actor. While it acknowledges the risk and the harms associated with the abuse of veto powers by Hungary and other veto actors, Lithuania points to other available instruments that could allow the EU institutions and member states to discipline Budapest and / or discourage its obstructive behaviour, including the better use of Rule of Law mechanisms.

More broadly, Lithuanian officials emphasize that QMV rules already cover the majority of EU policy areas under the status quo, and the focus on extending it to the few areas where unanimity rule prevails misplaces the attention to the real problems in the EU decision- and policymaking process. These, according to Vilnius, revolve primarily around the differences in member state influence over the EU agenda and institutions, as well as the unequal access of different interest groups to the EU co-legislators. Switching to QMV would not by itself be sufficient to tackle either of the two challenges, whereas it would immediately and directly restrict the bargaining power of smaller member states to influence the EU Council agenda and EU policymaking.

Arguments in depth: the Pro

Beyond the pragmatic argument that a further embrace of QMV may be needed to protect the enlargement agenda from being held hostage or derailed by veto actors, Vilnius may consider scenarios where the extension of QMV could generate more opportunities for Lithuania to push its policy priorities through the Council. These scenarios are predicated on the assumption that the Russian full-scale invasion in Ukraine shifted the majority of the EU member states closer towards Lithuania's long-standing policy positions: namely, the need to contain and counter Russia's threat to European security, the need to invest more in defence, and the need to maintain stable and positive relations with the US in face of common geopolitical challenges. In such a political context, extending QMV to foreign and security policy may consolidate the emergent consensus and protect it from obstruction by spoiler actors. Assuming the successful accession of Ukraine and Moldova to the EU, the number of member states that share Lithuania's interests could increase further, thereby making the switch to QMV rules both less risky and potentially more beneficial to Vilnius. These arguments, however, do not extend to tax policy, where Lithuania's opposition to QMV is likely to continue absent policy change at the domestic level.

Conclusions

Lithuania's position on the institutional reform of the European Union, like that of other Member States, is evolving, while also retaining some historically formed predispositions towards unanimity in decision making in the Council. The position of Lithuanian policy makers regarding the permissibility to use mechanisms allowing the majority (and not the totality) of member states to decide on issues such as EU accession negotiation chapters indicates a gradual shift that may in the future be extended to EU foreign and security policy. It remains to be seen, however, if this shift will continue under the new government to be formed in Lithuania after the elections of October 2024.

Baltic Initiative on European Reform

The goal of Baltic Initiative on European Reform is to promote debate on EU reform and enlargement in the Baltic States and to convene civil society, experts, and policy makers to discuss the goals of EU enlargement and reform and their implications for democracy and rule of law.

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