

KEFENG XU*

Visegrad Group in Post-Brexit EU: Scenarios and Options

The purpose of the European Union is to promote interaction and integration in various fields among the nation states. The withdrawal of the United Kingdom from the European Union (Brexit) has been hovering around for quite a while and many academics have conducted studies on the issue from their own perspectives. Up to now, the impact of the Withdrawal Agreement (2019) between the United Kingdom and the European Union is still full of uncertainties. What has been clear, however, is that the effects of Brexit on the European Union and its member states will undoubtedly be lasting and far-reaching.

The paper aims to advance the understanding of the development of European integration by comprehending the current situation and future orientation. This article outlines the delivered and predicted impact of the Brexit on the European Union and its member states, especially the Visegrad 4 countries. The paper also explores potential scenarios for the Visegrad Group after Brexit, and examines possible options that could be expected for the Visegrad Group to safeguard or even promote their interests against the changing landscapes on the European political arena.

Introduction

The British referendum on the issue of Brexit was held on June 23rd, 2016, and the people of the United Kingdom voted to leave the European Union, with the result of 51.9% voting to exit the European Union. After the referendum, the then British Prime Minister David Cameron made a statement on the outcome of the referendum, declaring that the British people have voted to leave the European Union and their will must be respected. The will of the British people is an instruction that must be delivered.

Due to twists and turns all through the Brexit process, however, the Brexit has been delayed time and again. Currently, the United Kingdom is in a transition period¹, having left the EU at the end of January 2020 with a Withdrawal Agreement (WA). During this period, the UK continues to follow nearly all EU laws with a few exceptions despite not

* PhD Student, Faculty of Law and Political Sciences, University of Szeged

¹ The transition period. Available at: <https://www.gov.uk/transition>, accessed on April 16th, 2020.

being a Member State. This period is currently set to expire at the end of December 2020. The ongoing coronavirus pandemic has had an impact on the negotiations between the UK Government and the EU. To some extent, this has resulted in the desirability of an extension to the Brexit transition period.

In recent years, crisis such as the Crimea political crisis in Ukraine, the Euro debt crisis, and the migration crisis have heavily weakened the cohesion of the European Union. The Brexit deals another blow to the European Union which is unprecedented. In the history of the European Union, this is the first time that a member state withdraws from the union. It should be noted that the United Kingdom, deciding to withdraw from the European Union, is a member state which has a large population and a considerable economy. Moreover, the United Kingdom is also a major contributor to the budget of the European Union and has memberships with major international organizations. Thus, Brexit not only poses a significant challenge for the United Kingdom itself but also produces a lasting impact on the European Union.

The paper focuses on the impact of Brexit on the European Union, particularly on the four countries of the Visegrad Group. Thus, the paper aims to offer an analysis of the Brexit impact on the four countries of the Visegrad Group through the perspective of the European Union. The analysis of the Brexit impact on the European Union will be conducted in two dimensions, including the political dimension with a focus on the restructuring dynamics of the European Union, and the economic dimension with a focus on the denting budget capacity of the European Union.

Generally, this paper is presented in the following sections. The first section provides a brief introduction of the Visegrad Group, the second section is based on the analysis of the political dimension of the Brexit's impact, while the third section is focusing on the Brexit's impact on the budget capacity of the European Union. The fourth section reviews the future scenarios, resulting from the Brexit, and the fifth section presents the voices and actions jointly made by the four countries of the Visegrad Group in response to Brexit. Finally, the paper is completed with the conclusion and expected developments for the future.

Basics of Visegrad Group

The Visegrad Group composes of four countries, including the Czech Republic, Hungary, Poland and Slovakia. The establishment of the Visegrad Group in the year of 1991 originated not only from cultural elements shared among the four countries, but also experiences shared among them during the transitional period. The original Visegrad triangle² created on 15 February 1991 aimed to demonstrate the ability of the three members at that time to overcome historical differences and to coordinate their eventual return to Europe.

After its establishment, besides cooperation in a variety of fields, the Visegrad countries have also been engaged in cooperation with other international actors in the surrounding regions and even across the global stage. In recent years, by utilizing their joint efforts, the

² The Visegrad triangle included the three countries – Czechoslovakia, Poland and Hungary – and after the dissolution of Czechoslovakia in 1993, the Czech Republic and Slovakia became independent members of the group, thus increasing the number of members from three to four.

four countries of the Visegrad Group have been playing an increasingly active role in various arenas and have been intentionally exerting an intensifying influence on certain issues of the European agenda since their accession into the EU in the year of 2004. Obviously, the Visegrad Group is facing both challenges and opportunities regarding its development in the future. Brexit is just such an occasion which presents both challenges and opportunities for the Visegrad Group regarding its development in the future.

Due to historical factors, people-to-people communication, economic cooperation, and political orientations, the relationships between the United Kingdom and the V4 countries within the European Union are quite close. Within the framework of the European Union, they are not only close political allies, but also close partners in trade and business. Thus, Brexit will not only weaken the strength, cohesion and influence of the European Union, but also will produce series of impacts on the V4 states in the fields such as politics, economy and international relations. The United Kingdom and the V4 countries are quite special member states of the European Union in that they have similar orientations in multiple issues of the European Union, meanwhile, in many political aspects, they usually take consistent approaches toward the European integration project.

Therefore, the outcome of the Brexit referendum is a major shock to both the United Kingdom and the European Union, including the V4 countries. For the V4 states, politically, they will lose a strong ally within the European Union and will have to face alone the pressures directly coming from the institutions of the European Union in terms of foreign policy, security and justice. And economically, Brexit will expect to produce direct influences on certain policy-making by the V4 countries within the framework of the European Union.

Political dimension of the Brexit: restructuring dynamics within the European Union

Brexit will not only weaken the strength of the European Union against the internal and external challenges but also will exert impacts on the political atmosphere, the dynamics among the member states of the European Union. Moreover, Brexit could bring about lasting influences on the development of the European integration in the future. For the United Kingdom itself, Brexit will inevitably trigger again the issue of Scotland independence.³ Though on September 18th, 2014, people in Scotland voted in a referendum to remain in the United Kingdom.⁴ Additionally, Brexit will strengthen the power of the Eurosceptics.⁵ Thus, it is no wonder that, after the Brexit referendum, some Eurosceptic parties and politicians in some old member states including Sweden, the Netherlands, Italy, France, and new member states including Czechia, Hungary and Slovakia called for a referendum on withdrawing from the European Union. After experiencing the interna-

³ MC EWEN: *Brexit and Scotland: Between Two Unions*. British Politics (2018) Vol. 13, pp. 65–78.

⁴ Scottish independence referendum, available at: <https://www.gov.uk/government/topical-events/scottish-independence-referendum>.

⁵ BISHOP, MATTHEW – CLEGG, PETER: *Brexit: Challenges and Opportunities for Small Countries and Territories*. The Round Table (2018). 107:3. pp. 329–339.

tional financial crisis, the Euro sovereignty debt crisis and the migration crisis, many citizens in the member states of the European Union saw their living standards declining, further losing a sense of safety and confidence in the European integration project.⁶

Since the United Kingdom was an influential and powerful member of the European Union, its withdrawal will undoubtedly break the balance of power within the European Union. Before the Brexit referendum, the United Kingdom was playing two major roles. On the one hand, it allied with Germany in countering protectionism and advocating the free market. While on the other hand, it cooperated with France in balancing the power of Germany. Brexit will break the “trio balance” of the United Kingdom, France and Germany, changing the “Franco-German axis”⁷ into the heavyweight of the European Union, just as what the EU competition and digital chief Margrethe Vestager said on January 30th, 2020, “France and Germany will struggle to drive the EU without the British “energy” that helped Paris and Berlin work together”. The economies of France and Germany account for about half of the total of the Euro zone. Thus, the attitudes of France and Germany and their relationships will be of significance in the development of the European Union in the future. Without support from the two major member states France and Germany, there would be no possibility that any policy could be passed and implemented by the EU institutions.

On the global stage, the United Kingdom owns major positions in multiple international organizations. It is not only one of the two EU member states with permanent membership in the UN Security Council, but also one of the four EU member states with membership in the G7 and G20. The United Kingdom also has quite strong influences in the International Monetary Fund, the World Bank and the OECD. After the Brexit process is finished, other member states of the European Union will not be able to benefit from the British memberships of the above-mentioned international organizations. Thus, the soft power and the international status of the European Union will reduce to a lower level.

Economic dimension: denting budget capacity of the European Union

Since the United Kingdom is a major contributor to the budget of the European Union, the Brexit will inevitably exert a significant impact on the EU’s budget. The European Structural and Investment Funds (ESIF) and the European Union Solidarity Fund (EUSF) are two major tools for promoting the development of the V4 countries and narrowing down the development gaps between the Western members and the V4 members of the European Union. It is just because of these funds support to the V4 countries that infrastructure construction, environment protection, and human development in the V4 countries have experienced drastic changes. After Brexit, the V4 countries will undoubtedly be receiving reduced development funds, and further will be facing difficulties in funds support for development in multiple areas.

⁶ TAGGART, PAUL – SZCZERBIAK, ALEKS: *Putting Brexit into Perspective: The Effect of the Eurozone and Migration Crises and Brexit on Euroscepticism in European states*. *Journal of European Public Policy* (2018) 25: 8, pp. 1194–1214.

⁷ DORPE, SIMON: *EU’s Franco-German Axis Will Stutter Without the Brits*. Available at: <https://www.politico.eu/article/eus-franco-german-axis-will-stutter-without-the-brits-says-vestager>.

Regarding the impact of Brexit on the V4 countries, it could be analyzed at three levels, including the short-term, the medium-term and the long-term. Among the major powers in the European Union, the United Kingdom became open quite early to the workforce from the V4 countries. The United Kingdom is also a major trade partner of the V4 countries and a major destination for migrants from V4 countries.⁸ In multiple policy fields, the United Kingdom and the V4 countries have similar attitudes or even consistent orientations.⁹ In one word, the United Kingdom is a significant partner for the V4 countries within the European Union.

Generally speaking, the Brexit impact on issues such as trade, investment and migration for the V4 countries in the short term and medium term is relatively limited. Regarding the long-term policy-making in the fields such as the capital market and services sector, the impact will be indirect. However, on the issues of energy security and international relations, the impact will be quite direct. The short-term impact will be mainly reflected in the fluctuations of the currency and capital markets. And the medium-term impact will be manifested in the fields such as trade, investment and migration, which take a longer time to materialize since the changes in trade and investment usually take several years to emerge.

The long-term impact from Brexit on the V4 countries will be mainly reflected on the economic policy-making of the European Union. Among them, the issues of energy security, trade and investment are prominent. Though the development of the common market within the European Union has been undergoing for several decades and a high degree of trade integration has been realized for many types of goods, yet the construction of a common energy market is far from being integrated. After Brexit, the forces advancing the integration of the energy market will be weakened, and the budget for energy network construction across the European Union will also be reduced. If the budget for the construction of a common energy market is cut to a lower level, then whether the energy connection across the V4 countries could be advanced as planned would be facing uncertainties.

Scenarios in the future

After the Brexit referendum, France and Germany, as the leading powers in the European Union, have been promoting the “multi-speed” Europe¹⁰ in order to advance reform and overcome the crisis, given that the development levels and political orientations of the member states across the European Union vary significantly. The notion of “multi-speed” Europe is the term used to describe the idea of a method of differentiated integration whereby common objectives are pursued by a group of EU countries both able and willing to advance.

Obviously, the notion of “multi-speed” Europe will have a series of the potential impact on the V4 countries. The former Presidents of France, Nicolas Sarkozy (2007-2012)

⁸ PORTES, JONATHAN – FORTE, GIUSEPPE: *The Economic Impact of Brexit-Induced Reductions in Migration*, *Oxford Review of Economic Policy*. (2017) Vol. 33, pp. S31–S44.

⁹ GÖLLNER, RALF: *The Visegrad Group – A Rising Star Post-Brexit? Changing Distribution of Power in the European Council*. *Open Political Science*, Vol. 1: Issue 1, 2017, pp.1–6.

¹⁰ MAURICE, ERIC: *Germany and France Endorse Multi-Speed Europe*. Brussels, 2. MAR 2017. Available at: <https://euobserver.com/institutional/137080>.

and François Hollande (2012-2017), the German Chancellor, Angela Merkel, and the former President of the European Commission, Jean-Claude Juncker (2014-2019), expressed their support for the “multi-speed” Europe. On March 6th, 2017 at a mini-summit at the Palace of Versailles, the French president, Francois Hollande, and Germany’s Chancellor, Angela Merkel, stated that “some stronger countries should be able to move quicker than others”.¹¹ Of all five scenarios in the White paper on the future of Europe: Five scenarios¹² proposed by Commission President Jean-Claude Juncker in March 2017 for the way forward after Brexit, the real scenario is the third one: “Those who want more do more,” which is another way of saying that the EU will be multi-speed.¹³

After experiencing series of crisis such as the sovereignty debt crises, the Euro crises, and the migration crises, France and Germany have realized that it is not realizable for all member states of the European Union to follow the same paces through the European integration process. Moreover, the Brexit by the United Kingdom and the policy changes by the United States have brought about uncertainties, further enhancing the willingness of France and Germany in advancing the notion of “multi-speed” Europe.

Voices of the Visegrad Group

As major players in the European Union, the four countries of the Visegrad Group undoubtedly have their own desired positions within the European Union and have expressed their own voices on the issue of Brexit. On June 27th, 2016 after the Brexit referendum, the Heads of Governments of the Visegrad Group Countries issued a joint statement, declaring their response that “the countries of the Visegrad Group deeply regret that the United Kingdom has chosen not to remain a member of the European Union. We respect this sovereign decision. The European Union of 27 Member States will continue.”¹⁴

On July 21st, 2016, the Heads of Governments of the Visegrad Group met again and stated in a declaration that “the outcome of the UK referendum creates a new situation for the European Union. We can’t simply continue to look the other way and hope the crisis will pass away by itself. We need to bring the European idea closer to the citizens and narrow the existing gap between the European institutions and the expectation of the people. We need to conduct a deeper reflection on the current challenges the Union is facing.”¹⁵ On the issue of Brexit, the Heads of Governments of the V4 Countries convened

¹¹ Francois Hollande and Angela Merkel call for ‘multi-speed Europe’, Available at: <https://www.euronews.com/2017/03/06/francois-hollande-and-angela-merkel-call-for-multi-speed-europe>, accessed on April 16th, 2020.

¹² Five scenarios: Scenario 1: Carrying on. Scenario 2: Nothing but the single market. Scenario 3: Those who want more do more. Scenario 4: Doing less more efficiently. Scenario 5: Doing much more together. In: *European Commission: White paper on the future of Europe*, Available at: https://ec.europa.eu/commission/future-europe/white-paper-future-europe/white-paper-future-europe-five-scenarios_en, accessed on April 16th, 2020.

¹³ LERUTH, BENJAMIN - GÄNZLE, STEFAN: *Exploring Differentiated Disintegration in a Post-Brexit European Union*, *Journal of Common Market Studies*, (2019) Vol. 57, pp. 1013–1030.

¹⁴ VISEGRAD GROUP: *Joint Statement of the Heads of Governments of the Visegrad Group Countries: Towards Union of Trust and Action*. Available at: <http://www.visegradgroup.eu/calendar/2016/joint-statement-of-the-160629>, accessed on April 16th, 2020.

¹⁵ VISEGRAD GROUP: *Joint Statement of the Heads of Governments of the V4 Countries*. Available at: <http://www.visegradgroup.eu/calendar/2016/joint-statement-of-the-160721>, accessed on April 16th, 2020.

again on September 16th, 2016¹⁶ and declared that “the outcome of the British referendum, though undesired, opens an opportunity to improve the functioning of the EU: relations between European institutions, relations between European institutions and the Member States and the EU’s political agenda. Improvements are necessary to restore common trust in the European project and its institutions and empower the voice of Member States.”

Additionally, on the development orientation of the European Union after Brexit, the Heads of Governments of the V4 Countries declared that “the countries of the Visegrad Group feel a special responsibility for the process of reflection on the future of the EU. Our nations remain at the forefront of supporters of European integration while standing ready to tackle all the challenges faced today by the EU. With this in mind, we are convinced that a Union that is more effective, more democratic and more responsive to the needs of its citizens is indispensable to guarantee our security and prosperity in today’s volatile and unpredictable world.”

Conclusion

It is expected that the United Kingdom and the European Union will conduct rational negotiations and conclude a cooperative agreement on their future relationship, ensuring an orderly Brexit and bringing a win-win outcome for both the United Kingdom and the European Union. After the Brexit referendum on June 23rd, 2016, leaders of both old and new member states of the European Union on different occasions have expressed that the European Union must be reformed to earn more support from citizens to promote the legitimacy. All in all, the Brexit has brought about a significant shock to the European Union and other member states, and consideration of reforming the European Union has practically been undergoing for the future development of the European project.

Through the process that V4 countries returned to Europe, the United Kingdom had been playing a key role, offering significant support for the European Union. Within the framework of the European Union, the relationships between the United Kingdom and the V4 countries have also been close. Hence, Brexit will apparently produce both political and economic impacts on the four countries of the Visegrad Group. At the same time, after losing a major ally of the United Kingdom within the European Union, the four countries of the Visegrad Group will become more active in discussions on the future of the European project to defend and promote their own interests.

¹⁶ VISEGRAD GROUP: *Joint Statement of the Heads of Governments of the V4 Countries*. Available at: <http://www.visegradgroup.eu/calendar/2016/joint-statement-of-the-160919>, accessed on April 16th, 2020.

XU, KEFENG

A VISEGRÁDI CSOPORT (V4) A BREXIT-MEGÁLLAPODÁS UTÁNI
EURÓPAI UNIÓBAN: A JÖVŐBENI KAPCSOLATOK LEHETSÉGES
FORGATÓKÖNYVEI

(Összefoglalás)

A tanulmány az Egyesült Királyság Európai Unióból való kilépésének (Brexit) várható politikai és gazdasági-pénzügyi hatásait vizsgálja, amelyek a Visegrádi csoport (V4) országait is érintik.

Az 1991. február 15-én létrehozott Visegrádi Együtműködés országai az Európai Unióhoz való csatlakozást követően (2004) a legkülönbözőbb szakpolitikai területeken folytattott együttműködés mellett az EU-ban is közös álláspont kialakítására törekedtek.

A Brexittel az Európai Unió egy jelentős nettó befizető tagállamot veszített el, amely kihatással lesz az Európai Unió 2020 utáni többéves pénzügyi keretére és a V4-ek által preferált szakpolitikai területek támogatására.

A tanulmány célja az Egyesült Királyság kiválása hatásainak elemzése, a kilépés utáni időszak lehetséges forgatókönyveinek bemutatása. A V4-ek álláspontja, hogy a Brexit után is a cél a közös érdekek mentén történő együttműködés, az EU 27 tagállama politikai és gazdasági egységének a fenntartása, és ebben a Visegrádi csoport érdekeinek további hatékony érvényesítése.