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"Balancing global integration and local responsiveness: An organizational design perspective on the European Union"

Prof. Luca Giustiniano

SUPERVISOR

Prof. Raffaele Marchetti

CO-SUPERVISOR

Gaia Bargelloni- 787451

CANDIDATE

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Chapter 1: Introduction: Framing the governance dilemma in the EU.

1.1 Context and relevance

The formal establishment of the European Union (EU) on the 1st November 1993 represented the next step in the "ever-closer integration" between European States. (Phinnemore, 2016). Since then, the EU has been characterized at its core by continuous balance between supranational authority and national sovereignty. This dichotomy is clear in the nature of the EU as anomalous political entity. It is in fact the case that how to define the EU and what to compare to has been a source of debate within the literature since the beginning of the European integration process. It possesses supranational features that are comparable only to a nation-state, particularly in certain of its bodies like the European Commission, however several key competences are still very much decided at the national level (Böröcz & Sarkar, 2005). Some define the EU as "a remarkably ingenious arrangement, realizing a core dream of modern, West European liberalism: it is a generator of profitmaking and advantage-producing social change without any direct involvement in the unholy processes that lie beneath them" (Böröcz & Sarkar, 2005, p. 167)

Therefore, since its inception, the EU has been characterized by the pluralism and the heterogeneity of its Member States. Nonetheless, in the last few decades, integration within the Union has been increasing steadily and all-encompassing. The deepening of integration within the EU has appeared not to falter even when faced with significant challenges that exposed the negative side effects of such a degree of heterogeneity. For example, the Euro crisis in the early/mid 2010s represented a serious threat of possible disintegration for the Union. However, despite the negative predictions, it ended up triggering reform policies that lead to higher integration (Schimmelfennig, 2018). During the Euro crisis, Member States collectively perceived the way out of the crisis to be increasing integration, leading to the establishment of new shared institutions like "a permanent rescue fund, the banking union and enhanced macroeconomic and budgetary supervision of the Member States" (Schimmelfennig, 2018).

Alongside increased integration, in the last twenty years parallel process has emerged within the Union: Enlargement. Since the beginning of the 2000s, thirteen countries have joined the Union, the most recent being Croatia in 2013, only ten years later it went on to also join the Eurozone, by adopting the Euro as its currency in January 2023 (European Central Bank, n.d.).Additionally, nine European countries have been granted candidate status, meaning they have started negotiations to become members and in order to achieve that have started adjusting their national legislations with the aim of making them congruent with EU rules, regulations, and standards (European Union, n.d.).

This further expansion of the Unions brings several advantages as well as its own set of challenges. With membership within the EU expanding, differences between its members are starkly evident. The Euro crisis showed just how much that diversity could be a double-edge sword. When the crisis happened in the early 2010s, it revealed the substantial differences in economic capacity present between Member States. The period was characterised by the clear distinction between the Core Member States (France, Germany, the Netherlands etc.) and the Periphery countries (Greece, Italy, Spain etc.). This sharp dichotomy between the Member States led to the development of euro-critic narratives across the Union. Tensions were palpable; the core countries felt that they should not be responsible for bailing out the periphery, derogatory terms such as PIIGS (Portugal, Italy, Ireland, Greece and Spain) were coined by the core countries media. This biting term was used to negatively single out those Member States that were hit the hardest by crisis and struggled to get back on their feet (Küsters & Garrido, 2020, p. 477)

As previously mentioned, the crisis ultimately was a trigger for more integration reforms within the EU, this sets a positive precedent. In spite of this favourable ending, it is not a guarantee that the diversity within the EU might not lead to future crisis, which might not lead to more integration, but possibly disintegration. The EU has to be careful to properly deal with its heterogeneity, starting from the way it implements legislation. Increasing integration and a rising membership means that the EU needs to find a proper balance between its supranational authority and the diverse needs that the various national sovereignties have. Finding this balance in the current political, economic and social climate will be increasingly complex for the Union (Andersen & Sitter, 2006, p. 318).

Keeping in mind the current and complex context within the EU, a point of comparison can be made with organizational design literature. In organizational design when a multinational enterprise (MNE) makes the decision to expand its operations abroad, two concepts have been developed to describe and analyse the strategy adopted by the MNE. Those two concepts are global integration and local responsiveness. The idea is that for certain features of its operations from HR practices to strategy, the company has to find a balance between maintaining a certain amount of congruence between its HQs and its subsidiaries (global integration) while also being receptive to the heterogenous needs that each location has (local responsiveness) (Caligiuri & Stroh, 1995). Whether an MNE is able to navigate this tension successfully, can be what determines if the company will thrive or not (Spender & Grevesen, 1999).
These two concepts prove to be useful to properly describe the tension that the EU faces when it needs to implement policies across all Member States. The EU has been increasingly faced with the challenge of balancing between integration and responsiveness to local necessities. Integration in this context defines the implementation of cohesive policies at the EU level that apply equally to all Member States taken increasingly at the supranational level (Andersen & Sitter, 2006, p. 315, Kaina & Karolewski, 2013, p. 5). Similar, to an MNE, the EU needs to maintain a certain level of cohesion among Member States when it implements policies, but at the same time it needs to be responsive to the differences in capabilities and resources that characterise its membership.
Perfecting this balance in its policy-implementation is crucial for the EU survival and success, particularly since it is currently facing significant internal and external pressures. Internally, the EU is dealing with the concerning precedent for potential disintegration set by Brexit (Zhelyazkova et al, 2023, p. 439). In addition, the rise of nationalism and far-right parties across several Member States poses as a significant pressure on the Union, as many of these groups are marked by strong Euroscepticism and advocate for reducing the EU's supranational authority in favour of preserving national sovereignty (Zhelyazkova et al, 2023, p. 440).

The European Union is also under increasing external pressures, complicating its capacity to enact cohesive policy. US trade protectionism, notably under the Trump administration, highlighted internal divides inside the EU on how to respond collectively (Foy, 2025). Global climate commitments necessitate bold action, but member nations differ in their ability and inclination to move to greener economies (Oberthür & Roche Kelly, 2008). Meanwhile, bigger economic upheavals like inflation, energy instability, and interrupted supply chains necessitate rapid, coordinated actions that frequently conflict with national interests. These external difficulties highlight the EU's internal effort to strike a balance between supranational cohesiveness and national flexibility.

1.1.1 Brexit: Precedent for disintegration

The consequences of failing to find a balance between integration and responsiveness are shown by Brexit, the United Kingdom's decision to leave the EU. In June 2016, a majority of 51.9% of British people voted in a referendum in favour of leaving the European Union. This was later formalised on the 1st of February 2020, marking the end of the UK's membership in the EU (Álvarez López, 2024). When it was still a member, the UK had always maintained compared to others a firm grip on its national sovereignty by opting out of several European policies that aimed at deepening integration. For instance, in 1992, the Maastricht Treaty allowed the UK to opt out from taking of the Economic and Monetary Union (EMU) and the area of Freedom, Security and Justice (AFSJ) (Adler-Nissen, 2014). Despite the fact that the UK never reached the level of integration that the other members enjoy, it ultimately decided to leave the Union. Most of the arguments brought forward to justify this decision were based on the increased worry of eroding national sovereignty and lack of national independence in decision-making and implementing in key policy areas. (Czech & Krakowiak-Drzewiecka, 2019, p. 256) In simple terms, the desire shared by Brits to 'take back control' (Zhelyazkova et al, 2023, p. 440). This example proves how even flexible arrangements such as the possibility of opting-out may fail when national notions of sovereignty, democratic legitimacy, and policy autonomy conflict with the duties and limits of supranational membership. Brexit serves as a vital reference point for this thesis, highlighting the possible repercussions of failing to maintain a balance between EU-level integration and national-level response.

1.1.2 Schengen Suspension during COVID

The temporary suspension of the Schengen Agreement during the COVID-19 pandemic in 2020 offers another striking example of the tension between supranational policy coordination and national-level responsiveness. The Schengen framework allows for free movement of people, goods and services between all members of the area (European Comission, n.d.). This was put under significant pressure during the 2020 COVID-19 outbreak. When the pandemic broke in Europe in March 2020 many Member States decided to swiftly reintroduce border controls and closures. However, at the beginning most of these decisions were taken unilaterally by states or only with some cooperation with their neighbouring countries. Ultimately the EU did intervene to handle the situation concerning both the EU's internal and external borders, suggesting the adoption of "common standards for reopening internal borders and restricting travel from third countries" (Beirens, Fratzke & Kainz, 2020). This occurred only after many Member states had already taken unilateral action and closed their borders (Sabbati & Dumbrava, 2020). The fact that the first actions taken were unilateral and not at the EU level highlights how fragile shared polices can be when put under pressure by crises like the COVID-19 pandemic. This case underscores how the priorities of Member States can override supranational commitments particularly when political or public health concerns are at stake, reinforcing the need to conceptually re-examine the EU's capacity to implement policies effectively, even in times of crises.

1.2 Objectives and conceptual approach

This paper aims at conceptually investigating the internal mechanisms and challenges of policy implementation within the European Union, using the twin analytical lenses of global integration and local responsiveness, concepts originally developed in the field of international business to assess how MNEs operate across diverse environments. These concepts offer a useful comparative framework for understanding the EU, which, like an MNE, must govern across a complex mosaic of political, economic, and cultural systems. As the EU continues to enlarge and deepen its integration, the need to balance uniform, EU-wide policymaking with the varied national realities of its Member States becomes increasingly higher on the EU's agenda. Indeed, just as global firms must standardise certain practices while adapting others to local markets, the EU must maintain institutional coherence while preserving responsiveness to national particularities.

The main objective of this research is to develop a conceptual exploration of this governance tension, which, despite its growing relevance, remains underexamined in the existing EU policy literature. Leaving therefore a substantial gap that this research attempts to fill. By focusing on the friction between uniform integration and national differentiation, this thesis aims at shedding light on how the EU navigates the complexities of supranational implementation in a highly diverse political union. The conceptual exploration draws upon three central theoretical pillars: multi-level governance (MLG), which captures the vertical dispersion of authority across EU, national, and regional levels (Piattoni, 2009); policy differentiation, which addresses the horizontal variation in how Member States engage with EU rules and obligations (Zhelyazkova et al, 2023, p. 439) and legal pluralism, which encapsulates the plurality of the EU legal framework.

These frameworks are elaborated in detail in Chapter 2, which lays the theoretical groundwork for the rest of the thesis. Chapter 3 builds on these foundations to examine the internal contradictions and implementation dilemmas that emerge when integration objectives collide with national constraints. Through empirical illustrations and conceptual discussion, it shows how formal EU commitments often undergo informal reinterpretation or uneven enforcement at the national level. Chapter 4 extends the discussion by theorising alternative trajectories for the future of EU governance ranging from federalist visions of deeper integration to more flexible, network-based models of policy coordination. Finally, Chapter 5 draws the thesis to a close by synthesizing the main findings and reflecting on both the theoretical contributions and practical implications of this exploration, offering recommendations for policymakers and directions for future academic inquiry.

Chapter 2: Conceptual foundations: Multi-level governance and differentiation in policy implementation

This chapter provides a thorough overview of the three theoretical models that aid in laying the foundations for the conceptual exploration illustrated in this paper. The three pillars depicted are the Multilevel Governance (MLG) theory, the concept of differentiation in policy implementation and legal pluralism. All three conceptualisations have been developed and mostly studied in the context of the European Union. Therefore, they all provide insight into aspects of the EU policy implementation process that create imbalances and tensions between responsiveness and integration.

2.1 Theorizing the EU's Policy Implementation Structure

2.1.1 Multilevel Governance (MLG)

The concept multilevel governance was first coined by political scientist Gary Marks in 1993. The original idea was to introduce a new perspective to the analysis of political processes in the newly emerged supranational organizations such as the European Union. This concept overcomes the state-centric limitation that for decades had characterised political science theories and introduces non-state actors. As a matter of fact, the concept depicts various state and non-state actors that are present, as suggested by the name, on different levels: "the local(sub-national), the national and the global (supranational)" (Saito-Jensen, 2015, p. 2). In simple terms, it describes the intricate web "between domestic and international levels of authority" (Stephenson, 2013, p. 818). The MLG model lays as its foundation that the way states and the different tiers of government interact has radically changed. Therefore, creating the necessity of acknowledging new control and accountability systems between governmental institutions when it comes to policy implementation (Saito-Jensen, 2015, p. 2).

The concept has been evolving since its creation in 1993. The original conceptualisation was mainly addressing the politico-institutional changes brought on by the Maastricht Treaty. The treaty signed in 1992 marked the creation of the European Union and introduced its supranational authority. This novelty required the literature to keep up and divert its focus from intergovernmentalism, to a more complex institutional framework with a multitude of different actors (Stephenson, 2013). Particularly, by creating the Committee of Regions, the Maastricht treaty introduced for the first-time other levels of governance within the EU, beyond the national one (Schakel, 2020, p. 768).

The applications of this concept have shifted throughout the years from its original use to understand the dispersal of legal authority in the Union, to functional uses as a problem-solving explanation, to comparative uses with other international organization as well as normative uses to provide a conceptualisation for terms such as democracy, legitimacy etc. (Stephenson, 2013, p. 832). Hooghe and Marks are the two scholars usually associated with MLG and according to them the theories of MLG are to be divided in two different categories. The first type considers MLG as having a defined structure and a "vertically tiered hierarchy" with only a small part of authorities holding the power of decision-making. Its focal point lays on the "interactions between different levels of governance and their policy outcomes" (as cited in Saito-Jensen, 2015, p. 2). Despite the fact that non-state actors and their influence are acknowledged and investigated, in these theories the national governments remain at the centre and are the thing everything is dependent on.
Instead, the other category of theories is named "polycentric" (Saito-Jensen, 2015, p. 2). The idea in polycentric theories is that with increased interactions between the different level authorities, the distinct and hierarchical lines defined by the before-mentioned theories become muddled and, in some cases, gradually disappear.

Multi-level governance, as previously stated, is a concept whose creation and subsequent development have both been intrinsically tied to the EU and its changes. Nowadays, MLG is one of the go-to principles used to fully comprehend the developments of a 'Europe of Regions', meaning an EU with increased influence from subnational levels (Schakel, 2020, p. 772). Hooghe and Marks (2001) believe that two main phenomena have made MLG so relevant nowadays for the EU. Firstly, the deepening of integration at the European level that has brought a shift from key competences being only a responsibility of national governments to being decided at the supranational level in the EU. Secondly, the increased importance of subnational authorities in decision-making. These two developments together have rendered the relationships between levels of authority more and more interdependent (as cited in Schakel, 2020, p. 772-773). Data actually shows that "60% of the decisions taken by local and regional authorities are influenced by European legislation and nearly 70% of EU legislation is implemented by local and regional authorities (Schakel, 2020, p. 772-773).

The concept of MGL is not a concept solely present in the literature as a point of interpretation and analysis, rather International Organisations (IOs) have started using the concept and providing their own definition for it. In 2009 the Committee of Regions stated in a white paper that it views the principle of Multilevel Governance as "coordinated action by the EU, the Member States and regional and local authorities according to the principles of subsidiarity and proportionality and in partnership, taking the form of operation and institutionalised cooperation in the drawing-up and implementation of the European Union's policies" (Committee of Regions, 2009).

This white paper prescribed also the development of an EU charter on Multilevel Governance, which was drafted in 2014. The Charter aims at promoting coordinated, transparent and inclusive governance across all levels: EU, national, regional and local (Committee of Regions, 2014). The MLG has real practical applications when it comes to policy implementation within the EU. The CoR has prescribed using the MLG to better the application of complex EU policies. In an opinion published in 2024, the CoR emphasises the importance of MLG in order to achieve the successful implementation of the European Green Deal (EGD), it suggests establishing permanent multilevel energy and climate dialogues within Member States, this is to guarantee that local and regional authorities are actively included in the planning, implementation and monitoring of climate and energy policies (Committee of Regions, 2024).

This illustrates how MLG, as both a theoretical model and an institutional practice, provides a valuable lens for understanding the evolving complexities of EU policy implementation, especially as the Union seeks to reconcile supranational coordination with the diverse capacities and priorities of its Member States.

2.1.2. Differentiated integration

The concept of differentiated integration usually refers to a system that is characterised by diversity “across policy areas and space, while maintaining an institutional core” (Schimmelfennig et al., 2015, p. 770). The idea is that a policy is considered differentiated when Member States have the possibility to opt out of a common policy (Hooghe & Marks, 2023, p. 226). The origins of this concept can be traced back in a report attempting to predict the future of European integration written in 1975 by the Belgian Prime Minister at the time Leo Tindemans. However, its first actual appearance in an actual legal text was in 1986 in the primary Community law in “in Article 8c of the Single European Act” (Leruth & Lord, 2015, p. 755). Differentiated integration has been conceptualised in the literature “as a concept, a theory, a process and a system” (Leruth & Lord, 2015, p. 758). In this thesis, differentiated integration is considered as the concept that describes “the effort to sustain overarching governance by allowing constituent communities to opt out of a common policy” in order to avoid possible tensions and conflict on sovereignty between the supranational authority and national governments (Hooghe & Marks, 2023, p. 227). European integration has been characterised by differentiation for almost thirty years at this point, sure enough we can trace back the emergence of differentiation in the EU to the early 90s. (Leruth & Lord, 2015, p. 754, Winzen & Schimmelfennig, 2016, p. 616). The perception within the literature is that differentiated integration emerges usually as a reaction to increased heterogeneity and discord within the EU. It is not a coincidence that the years in which we observed differentiation emerging and spreading in the Union, are characterised by a deepening of EU policy, an expansion of its policy scope, not solely focused on the internal market anymore and a widening in its membership (Winzen & Schimmelfennig, 2016, p. 616-618). Up until the last 1980s, the majority of policies were implemented evenly in all Member States, now fifty percent of EU policies are applied using differentiation (Leruth & Lord, 2015, p. 760) Therefore, nowadays, differentiated integration is an integral and long-lasting part of EU treaty-making, treaties revisions and accession treaties which routinely contain clauses that allow Member States to opt out from particular policies as well as “exemptions to some countries” and sometimes the exclusion of others (Winzen & Schimmelfennig, 2016, p. 633). However, informally even when differentiated integration is absent, a lot of flexibility is given to EU Member States when they apply EU policies (Zhelyazkova et al., 2024, p. 440). Differentiated integration can bring its downsides, allowing states plenty of discretion when it comes to policy implementation can on one hand allow them to adapt the policy to their own domestic circumstances, on the other hand it might also "lead to fragmentation and suboptimal policy solutions at the EU level", meaning that it might potentially limit the EU's capacity to collect the advantages brought on by harmonisation (Zhelyazkova et al., 2024, p. 440). Differentiation is considered internal when it concerns EU Member States or external when it deals with "the selective policy integration of non-member states" (Schimmelfennig et al., 2015, p. 764). Within EU integration literature another distinction is made between horizontal and vertical differentiation. Horizontal differentiation refers to the geographical component and the reality that many integrated policies are neither consistently nor solely valid in all Member States. Instead, vertical differentiation describes the fact that the different fields of policy are not on the same wave length when it comes to integration, meaning that certain policy areas are fully integrated at the EU level and others remain completely at the national level (Schimmelfennig et al., 2015, p. 764-765). As a matter of fact, in policy areas like security and defence all attempts at integration have mostly failed despite the option of differentiation being available. According to Howorth (2019) the failed integration of defence policy is due to the fact that it is made up of interests instead of values and those interests are vastly still defined at the national level rather than at the EU level (p. 263). Howorth (2019) refers to this phenomenon as "negative differentiation" meaning that the "status quo" renders difficult integration instead of aiding it ("positive differentiation) (p. 261).

Despite the fact that the EU is not the only example of differentiation, it is essential to acknowledge that is one of the most extreme cases of it. The intrinsic diversity in culture, religion and language within the EU is a fertile soil for the development of differentiation (Hooghe & Marks, 2023, p. 227- 228). Differentiation in the EU is however "highly uneven", some countries have no opt outs in EU treaties while others particularly Denmark and the United Kingdom (at the time where it was still part of the EU) have the most with almost 43% opt-outs alone, Sweden and Ireland have around 15%. However, none of the six founding states have "a single constitutional opt-out from EU policy" (Hooghe & Marks, 2023, p. 229, Winzen & Schimmelfennig, 2016, p. 617). So, what brings certain states to be more likely to refer to policy differentiation, a study developed by Winzen & Schimmelfennig (2016) shows that Member States with strong national identities are most likely either opt out of deepening integration particularly in policy areas of "core state powers such as monetary policy or border controls" (p. 617).

The literature predicts that differentiation will remain an intrinsic feature of EU treaty-making in the future. This can be explained by three main events. Firstly, differentiation is pretty long-lasting and will usually lead to more differentiation in future treaty negotiations. Secondly, the widening of the EU possibly in the Western Balkans will introduce even more diversity within the EU, as a matter of fact when Croatia joined the EU, the accession treaty showed a never-before-seen number of differentiations. Finally, the concept of national identity remains quite strong in Europe, this suggests that differentiation will not disappear anytime soon (Winzen & Schimmelfennig, 2016, p. 634). This confirms that differentiated integration is not just a pragmatic mechanism, rather it has become a core conceptual feature of EU governance, enabling policy implementation to accommodate national diversity while preserving the broader objective of collective European action.

2.1.3 Legal Pluralism

In order to paint a clear picture of the theoretical frameworks underlying this thesis, it is essential to introduce the concept of legal pluralism in the EU legal framework. The concept of legal pluralism has become a fashionable way to describe the coexistence of multiple legal systems and sources of legal authority within a single political entity and the tensions and conflicts that might arise between them (Barber, 2006, p. 306, Lawrence, 2018, p.3). The term was first introduced in the 1970s-80s by a group of scholars called the 'legal pluralists', their idea was to surpass the state-centric view of legal systems, to conceptualize a view of a legal system with multiple sources of law that conflict between each other (Barber, 2006, p. 307). This concept applies quite well to the European Union whose legal framework is composed of EU law, national law and international law. The highest legal authority within the EU is the Court of Justice of the European Union (CJEU) (European Union, n.d.). The CJEU makes three claims of supremacy, firstly it has the right to provides interpretation and answers when it comes to doubts concerning EU law, secondly it deems whether an issue is one of EU law or not and finally and most importantly that EU law “has supremacy over all conflicting rules of national law” (Barber, 2006, p. 323). This third claim is especially relevant to policy implementation, despite the claim made by the CJEU, unlike a federal state, EU law does not fully override national law in all cases. National courts of EU Member States are not always so willing to accept EU law supremacy, for instance the German Constitutional Court has stated that it regards itself as “the highest source of law in Germany” since “European law takes effect through the German constitution and consequently, can be constrained by constitutional rules” (Barber, 2006, p. 324). This tension has been evident in landmark cases such as *Solange I and II*, and more recently, the *Weiss* judgment (2020), in which the German Constitutional Court challenged the proportionality assessment of the European Central Bank's policy, openly defying the CJEU’s prior ruling (Barber, 2006, Anagnostaras, 2021, p. 801). This ongoing contestation over legal supremacy creates uncertainty in how EU policies are applied at the national level. For example, when national constitutional courts limit or reinterpret EU law, implementation may vary significantly across Member States, weakening coherence and creating fragmented outcomes.

Thus, legal pluralism exemplifies the inherent contradictions of multilevel governance in the EU: while the Union strives for policy framework uniformity, the coexistence of competing legal orders allows for significant national discretion, reinforcing the integration-responsiveness dilemma at the heart of EU policy implementation. These tensions are not just theoretical, but play out in practice, as seen in the differentiated legal regimes applied to Eurozone and non-Euro countries, or Denmark’s formal opt-outs from key EU policy areas.

2.1.4 Examples of policy differentiation in the Union

One of the most apparent cases of policy differentiation is represented by the EU members that joined the Eurozone and adopted the Euro as their currency and those EU members that instead decided to opt out. Since the 1960s, the ambition to advance economic integration in the Union was steadily growing in the Union. However, it would take almost forty years to overcome the substantial political and economic barriers present and the dire consequences caused by the oil crisis and other fiscal shocks in 1979 postponed the plan of a few decades. When the Maastricht Treaty was drafted and signed in 1992 along with it were approved the arrangements to develop a common economic and monetary union (European Union, n.d.). “All European Member States are part of Economic and Monetary Union (EMU) and coordinate their economic policy-making to support the economic aims of the EU” (European Commission, n.d.). A group of states decided to go even further and adopted a single currency, the euro, removing their previous national currencies. The euro was introduced in 1999, the eurozone meaning the Member States that adopted the currency were 11 out of the 15 EU Member States, in the last twenty-five years nine Member States have joined, as of 2025 the eurozone is made up of 20 Member States. Most EU members that did not adopt the euro immediately were limited from doing so because they did not meet the necessary economic and fiscal requirements (European Commission, n.d.). A few of them joined later when those requirements were met, some are still waiting.

Denmark is however a special case, it negotiated in the Maastricht treaty to opt-out completely from taking part in the third stage of the EMU: the adoption of the Euro.
Denmark meets all the convergence criteria to join the euro area; however, by opting out, it is not compelled to adopt the common currency. Maintaining its own currency and monetary policy allows Denmark greater national flexibility, but it also illustrates the EU’s growing acceptance of differentiated integration. While opt-outs accommodate national preferences and promote inclusivity, they may also challenge the Union’s cohesion by creating multi-speed integration and uneven policy alignment across Member States. However, the opt-out from the euro is not the only one negotiated by Denmark in 1992 in the Maastricht treaty. Denmark had various concerns on certain clauses of the treaty, which were heard by the EU and adjustment were made. The Protocol which is annexed to the Treaty lays down the terms for the ‘opt-outs’. According to the Protocol, Denmark is not “bound by the rules concerning economic policy which apply to Member States participating in EMU”, it will be able to maintain its powers in the monetary policy area based on its national legislations and rules. However, it will enter the second stage of EMU and join the “exchange-rate cooperation within the European Monetary System”. Finally, it maintains the responsibility to carry out “its own policies with regard to distribution of income and social welfare” (European Union,

2006). Denmark is one of the Member States with the highest number of opt-outs, when the UK was still a member the two countries alone had 43% opt-outs from treaty revisions. Denmark has “opt-outs from monetary union, justice and home affairs, defence and free movement of capital concerning poverty” (Hooghe & Marks, 2023, p. 229).
These extensive opt-outs not only highlight Denmark’s cautious approach toward deeper integration despite meeting all convergence criteria, but also illustrate how differentiated integration has evolved as a pragmatic solution within the EU to accommodate diverse national preferences. While this flexibility has allowed for broader membership and reduced resistance to integration, it simultaneously introduces asymmetries that can challenge policy coherence, deepen the divide between core and peripheral members, and complicate the Union’s long-term goal of economic and political unity.

The Danish case serves as a concrete example of the conceptual tensions outlined in this chapter. Denmark’s negotiated opt-outs from key EU policy areas, despite its capacity to fully integrate, exemplify how differentiated integration operates as both a structural feature and a political tool within the EU’s multilevel governance system. As explored earlier, the EU's institutional architecture inherently depends on coordination across supranational, national, and subnational levels, yet legal pluralism and national sovereignty continue to shape and at times constrain the implementation of common policies. Denmark's opt-outs reflect how Member States leverage institutional flexibility to protect core aspects of national autonomy, even within a highly integrated legal and policy framework. Thus, this example encapsulates the integration–responsiveness paradox at the heart of EU governance: while supranational cooperation advances collective goals, enduring national preferences and legal complexities demand adaptable, often asymmetric, solutions.
Building on this example, the next section delves more deeply into the broader structural dilemma that represents the tension between integration and responsiveness that shapes policy implementation across the Union.

2.2 The Fundamental Policy Implementation Paradox: Integration vs. Responsiveness

The previous section provided an overview of concepts of multilevel governance (MLG), differentiated integration and legal pluralism, using them to paint a clearer picture of the EU's policy landscape. This section builds upon these conceptual pillars to explore the core practical implication: the persistent tension between the EU's need for integration and the realities of national responsiveness. This paradox is apparent in many features of the European union including policy-making and policy implementation, as a matter of fact it explains many of the structural and political challenges that the EU faces when implementing policies. The consequences of not finding a proper balance between this tension could be quite dire for the EU. Two interlinked dynamics are useful to consider when exploring this paradox: institutional centralization vs. national autonomy, and strategic ambiguity in EU policy design.

2.2.1 Institutional Centralization vs. National Autonomy

As shown by MLG, policy implementation is not a linear process of top-down implementation. After policies are approved at the EU level, the responsibility to implement them accordingly falls exclusively on the shoulders of Member States (Paasch, 2021, p. 783). The laws adopted by the EU are generally referred to as 'directives', usually they are articulated through a set of objectives that need to be achieved. However, the choice on how to achieve those goals is left in large part to Member States (Haag et al., 2024, p. 1). Sure enough, differently from EU regulations that are automatically binding, EU directives, according to Article 288 of the Treaty on the Functioning of the European Union (TFEU), "shall be binding only as to the result to be achieved leaving the choice of form and methods to the Member States" (Haag et al., 2024, p. 2). This means that then Member States have to transpose them to their national legislation, leaving a substantial level of national discretion. This discretion in transposing directives represents a key feature of multilevel governance: while goals are set at the supranational level, national governments determine the actual design and application of policies. Consequently, the same directive might be implemented differently across the EU depending on domestic legal frameworks, administrative capacities, and political priorities of its Member States. However, this diversity frequently results in delays, partial compliance and even legal conflicts. (Gollata & Newig, 2017, p. 1310).

An example of this is the Working Time Directive (Directive 2003/88/EC), this directive sets out the standards and rules on labour, among which in article 6, it specifies that working time shall not exceed 48 hours a week. As of 2023, 15 Member States have decided to opt-out of this limit on working hours, four of these “use the opt out irrespective of the sector”, the rest instead opt out of this directive only for specific sectors (European Commission, 2023). This variation shows how differentiated implementation can preserve national autonomy, but also exposes the EU to the risk of undermining the coherence and effectiveness of its goals.

2.2.2 Strategic ambiguity in EU decision-making

The idea of strategic ambiguity is best summed up by a famous quote by Henry Kissinger, the controversial American politician. He defined it as “the deliberate use of ambiguous language in a sensitive issue in order to advance some political purpose” (Jegen & Mérand, 2014, p. 182). Ambiguity is often used as a strategic tool in politics because it allows to conceal or at least post-pone conflict. Similarly, with the combo of increased diversity and presence of a weak treaty foundations that characterize the EU, strategic ambiguity appears as an alluring solution when it comes to its drafting laws particularly in policy areas where political consensus is tough to achieve (Jegen & Mérand, 2014, p. 199). In an organization that now counts 27 sovereign states, strategic ambiguity becomes a tool used to find compromise and allow integration to proceed smoothly.

An example of real-life application of this concept is the 2006 directive on services in the internal market, whose aim was to “encourage the free circulation of people, capital and merchandise” (Garabiol-Furet, 2006). The first draft of the directive faced strong political backlash. In order to overcome the criticisms, the final directive ended up being articulated using vague language about which regulatory services should be applied. This allowed national governments to have a significant amount of discretion in their interpretation of compliance to the directive. This allowed Member States to protect sensitive national regulations, while still upholding the general aim of market liberalization (Garabiol-Furet, 2006, European Parliament & Council of the European Union, 2006).

However, strategic ambiguity can also act as a double-edged sword, it is true that it allows to find compromise and pass policies on debated areas, but it can lead to inconsistent implementation across the Union, creating inefficiencies overall in the system.
Ultimately, strategic ambiguity is both a reflection and a tool of multilevel governance. It allows for national variation while maintaining the façade of cohesion. It also overlaps with differentiated integration: some ambiguities are later codified into formal opt-outs or exceptions, reinforcing the structural asymmetry of EU governance.

2.3 Comparing the EU to other policy implementation models

The EU is inherently an outlier in many of its features including policy implementation. In order to paint a complete picture, it is appropriate to consider three other implementation models: federalism, intergovernmentalism and network-based. Despite the fact that the EU is neither of these three models, it still shares some characteristics with all three. Making a comparison can provide additional insights into EU policy implementation.

2.3.1 Federalism

The Cambridge Dictionary defines Federalism as "a system of government in which states unite and give up some of their power to a central authority", examples of this type of polity are Germany or the US. The idea of a federalist Europe has been floating around since the end of WWII, when the first discourses on European integration were taking place. However, the concept appeared once again in May 2000 when German foreign minister Joschka Fischer held a controversial speech on the federal future of the EU (Kelemen, 2003, p. 184).

There is consensus on the fact that the EU cannot be solely considered as an intergovernmental organization, however it still lacks several features essential to be considered a federalist system (Börzel & Hosli, 2003, p. 185). Despite this, it does share features with federalist systems: firstly the "exclusive jurisdiction" concerning the European economic and monetary union, secondly having almost exclusive competencies in particular policy areas such as trade, finally the policy areas in which it shares

competences with Member States are increasing namely internal security (Schengen framework and Europol) (Börzel & Hosli, 2003, p. 186).
Another aspect worth pointing out is that in a large number of policy areas EU law "has supremacy over national legislation and it deploys 'direct effect'" providing EU citizens with possibility to bring cases against their states if they believe that their rights attributed to them by EU have been violated (Börzel & Hosli, 2003, p. 186).

The EU however is still missing essential features that usually are a present in federalism, in particular two aspects. Firstly, EU Member States still hold exclusive power when it comes to amending the funding treaties of the EU, these amendments need to be approved through unanimity and require domestic ratification. Secondly. the EU through the EMU is "a monetary union but not a fiscal union" (Anand et al., 2012, p. 13), therefore lacking essential instruments for "macroeconomic stabilization" (Börzel & Hosli, 2003, p. 188). The EU exhibits what can be defined as 'federal-like features without a federal constitution.' It governs as a quasi-federal system in certain domains (e.g., trade, monetary policy), while remaining strictly intergovernmental in others (e.g., taxation, defence). This fragmented structure creates an uneven capacity for policy coordination and implementation, reinforcing the broader theme of this chapter: that the EU's architecture inherently balances between central authority and Member State autonomy.

2.3.2 Intergovernmentalism

Intergovernmentalism is a conceptual approach used to describe the structure of most IOs in International Relations theory (IR). Intergovernmentalism prescribes that sovereign states acting based on their own interests decide that cooperation in a specific field will bring a more optimal outcome than without it (Verdun, 2020). It is the implementation model usually used to describe IOs such as the United Nations or the WTO. As it is the case for these IOs. The level of integration in intergovernmentalism remains quite low, it usually halts when it begins to influence "high politics" (Hooghe & Marks, 2019, p. 1115). This is primarily because the power remains solely in the hands of states, decisions are taken with unanimity, when in some cases decisions passed with a majority are allowed like in the UN General Assembly, they are not legally binding (UN charter, 1945). The EU at the beginning started out as IO with an intergovernmental structured,

however it has since evolved a sort of hybrid by introducing supranational features (Börzel & Hosli, 2003, p. 185).
Nevertheless, intergovernmental elements remain prominent. A first example of intergovernmentalism, is that despite having introduced "qualified majority voting (QMV)" in 1987, the Council of the European Union still requires unanimity on sensitive topics such as taxation and foreign policy (Council of the European Union, n. d., Tsebelis & Garrett, 2001, p. 357). The persistence of intergovernmentalism is also apparent in the EU's limited capacity to address rule of law backsliding in Hungary and Poland, both of which have used their seats in the Council to block or delay collective action while resisting compliance with CJEU rulings (Kos, 2023). This enduring intergovernmental logic significantly shapes the EU's policy implementation landscape, as Member States retain the power to obstruct or dilute collective action, particularly in areas where national sovereignty is most closely guarded.

2.3.3 Network Governance

The concept of network governance is not necessarily new, however recent literature has shown a growing interest in this model. It generally refers to "a relatively stable horizontal articulation of interdependent, but operationally autonomous actors from the public and /or private sector", whose interactions are primarily based on ongoing negotiations. These interactions take place within a loosely structured but recognizable institutional environment, shaped by shared norms, beliefs, and expectations. This setting enables self-regulation under the indirect influence of higher authorities, often described as "bounded autonomy" and contributes to advancing collective goals, such as public values, long-term visions, strategic plans, common standards, and policy decisions (Torfing & Sørensen, 2014, p. 334). The main aim of network governance is to develop "synergy between different competences and sources of knowledge in order to deal with complex and interlinked problems" under uncertainty (Dedeurwaerdere, 2005, p. 12). The EU has within its framework certain features of this model. It acts as a "regulatory state that coordinates policies through 'informal'" tools such as soft-law to steer those networks that compose its landscape (Maggetti, 2014, p. 498). In particular, the EU makes use of this type of model in policy areas where resistance to traditional integration is stronger, where national government may be more sensitive or institutional fragmentation pose as obstacles to proper policy implementation. In this context, network governance facilitates consensus-building, promotes convergence, and helps manage the multilevel complexity of EU policymaking. The increased presence of this model in the EU is represented by the development in the early 2000s of European Regulatory Networks (ERNs). These transnational groups bring together national regulatory authorities, often through a process of "double delegation" from both EU institutions and Member States, as a second-best alternative to full centralization (Maggetti, 2014, p. 498). New studies have shown how the development of such networks have proved as essential tools to "deliver coherent implementation of EU policies" across a various sectors like energy and financial regulation (Bach et al., 2016, p. 9). Additionally, the soft laws elaborated through the networks have often been "adopted as binding national regulations by member states' regulatory authorities" (Bach et al., 2016, p. 11). They exemplify how the EU can foster implementation without direct legislative authority by leveraging coordination, expertise, and mutual adjustment. However, while it is true that network governance brings on several advantages such as flexibility and inclusiveness, it has very real downsides that cannot be overlooked. Coordination in this model is very much dependent on sustained cooperation and trust and soft instruments might lack enforceability or democratic accountability. As Bach et al. (2016, p. 9) caution, "we still lack systematic empirical knowledge on the actual development, functioning and effects of transnational networks." Therefore, while network governance is an interesting feature of the EU's hybrid institutional framework, its impact remains uneven and context-dependent.

Chapter 3: Internal contradictions in the EU's policy implementation model

Building on the theoretical foundations detailed in the previous chapter of this thesis, this chapter aims at exploring the internal paradoxes and structural tensions that the theories describe when EU-level policies are implemented across heterogenous Member States. It highlights how the EU's legal institutional, and governance arrangements, articulated to allow flexibility and integration, often generate fragmentation, contested authority and uneven implementation outcomes. Therefore, this chapter focuses on the practical implications for the EU of the theories that were previously described in Chapter 2.

3.1 Institutional Tensions: The EU as Both Rigid and Adaptive in Policy Implementation

The European Union is characterized by a structural tension between its rigid legal framework and an increasing capacity for pragmatic adaptability in policy implementation. The EU operates through a complex legal framework seeking to guarantee coherence and uniformity across the Union, therefore not falling into the trap of transforming into a "Europe à la carte" where states pick and choose the commitments they adhere to (Bolleyer & Börzel, 2014, p. 393; Hall, 2000, p. 2). However, since 1992 with the formal introduction by the Maastricht treaty of mechanisms such as opt-outs, it is possible to see a trend of flexibility within the integration process (Bolleyer & Börzel, 2014, pp. 394, 400). This dichotomy produces institutional ambiguity: while formal treaties and supranational rules persist, the EU has simultaneously adapted to internal diversity by allowing varying levels of participation. What was originally thought as a temporary concession to reluctant Member States in order not to halt integration, has gradually evolved into a constant feature of EU governance (Hall, 2000). This section explores how such tensions manifest in two interrelated dynamics: the contrast between formal rule-making and informal adaptation, and the EU's tendency to rely on crisis-driven adjustments rather than long-term institutional planning.

3.1.1 Formal rule-making vs. Informal Adaptation

The European Union possesses a coherent and well-structured legal framework. EU law can be distinguished in two types. Firstly, we have primary law that includes all EU treaties, negotiated by Member States, like the Treaty of Rome and the Treaty of Maastricht. They are considered as the "starting point for EU law", that is because they confer to the EU organs the capacity to pass laws in determined policy areas, meaning those that have been agreed upon by member states in the treaties. This idea is called "principle of conferral" (European Union, 2025).

The laws developed by EU organs are considered as secondary law. Secondary law is comprised of five legislative acts: regulations, directives, decisions, recommendations and opinions. Regulations are legally binding acts that as soon as they are adopted, are directly and equally enforceable in all Member States (Treaty on the Functioning of the European Union, 2009). Similarly, directives are also legally binding, what distinguished the two is that directives need Member States to transpose the directive into their own national legislation, this usually is required to be done by a set deadline, usually around two years. In case that a Member State does not fulfil its duty to transpose a directive, the European Commission may impose a payment of fine, in pecuniary form in case of failure to implement and comply directives.

A directive can be characterised by "minimum or maximum (or full) harmonisation". For minimum harmonisation, it generally means that the EU directive is setting "minimum standards" leaving it up to Member States to decide whether or not to apply or maintain higher standards (Treaty on the Functioning of the European Union, 2009).

Minimum harmonisation can prove to be a useful tool to accommodate national preferences while still progressing shared EU objectives. However, this approach introduces legal ambiguities particularly regarding whether more stringent national measures can impede the free movement of goods and services under internal market rules. This is troubling since guaranteeing the free movement of goods and services across the Union is one of the founding principles under EU law. It is without question a pragmatic solution, but its application is definitely constrained by institutional, legal and political uncertainties, creating unevenness in the Union and posing as an obstacle to the principles of market access and free movement (Dougan, 2000, p. 884-885). Another option is for a directive to have maximum harmonisation, in this case "Member States have to introduce rules with minimum and maximum standards set in the directive" (European Union, 2024). The last three types of EU law mentioned above are less relevant for this thesis: decisions are "binding to those to whom it is addressed (e.g., an EU country or an individual company) and it is directly applicable", recommendations and opinions are instead not legally binding acts, usually used as tools by EU organs to express their point of view without enforcing legal obligations (European Union, 2024).

The responsibility to assess that EU law is being respected generally falls to the Court of Justice of the European Union (CJEU), most often considered as the judiciary branch of the EU. Its functions go from dealing with questions on the interpretations of EU law in the form of preliminary rulings, enforcing EU policies across all Member States and making sure that EU institutions are acting within their rights (CJEU, 2023). However, most importantly it is tasked with ensuring that EU law is implemented evenly across all member states.

The legal framework that has been develop in the EU is essential for the longevity of the European project of integration. Nation states usually enjoy a strong "political and societal foundation" whereas the same cannot be said of the European Union. As a matter of fact, the identity and legitimacy of the EU is largely dependent on its legal framework "for effectiveness and stability" (Cuyvers, 2023, p. 1170). It is therefore, assumed that a substantial level of rigidity exists in EU law compared to national legal systems.

Despite the sophistication and formal rigidity of this legal framework, the actual practice of policy implementation across the EU often departs from this legalistic ideal. While the EU treaties and secondary law provide clear legal obligations and enforcement mechanisms, their application frequently involves political discretion, strategic flexibility, and informal negotiation. This disconnect becomes particularly evident when member states face capacity constraints, domestic political resistance, or when EU institutions prioritize consensus over confrontation.

In this context, policy implementation and compliance are deeply intertwined. Compliance in the EU is rarely the straightforward execution of legal mandates; rather, it is shaped by a process of negotiation and mutual adjustment between the European Commission and member states. This is commonly referred to as negotiated compliance. It typically unfolds as a “bilateral process between the Commission and the non-complying member states” (Tallberg & Jönsson, 2001, p. 3), often occurring “in the shadow of the law, rather than in the shadow of the vote” (Tallberg & Jönsson, 2001, p. 4).

Because implementation is largely left to national authorities, and given the diversity of domestic contexts, EU legislation, particularly directives, is frequently drafted in vague or flexible terms to accommodate national differences (Versluis, 2005, p. 5). Even in areas where EU law appears legally binding, political realities often take precedence. The Commission, as the EU’s policy initiator, is acutely aware that integration depends not just on formal compliance but on the sustained cooperation and political will of the member states. As a result, both the implementation and enforcement phases often require concessions to national interests and political pressures (Tallberg & Jönsson, 2001, p. 15). Despite the fact that compliance in the EU is most often a result of negotiation, it does not automatically lead to perfect compliance. As a matter of fact, compliance still remains problematic in the Union. A tool that has been developed recently to combat these problems are European agencies, through a trend usually referred as “agencification”. Some positive effect by agencies on compliance has been detected by the literature, however empirical testing is still quite scarce (Versluis, 2005, p. 5).
Ultimately, this ongoing interplay between legal norms and political negotiation underscores that EU policy implementation cannot be understood solely through formal rules; rather, it evolves through a dynamic interaction between law and politics that lies at the very core of the European integration process.

These political and institutional accommodations in the compliance process highlight how formal rules often serve as starting points rather than fixed outcomes. Recent scholarship has correctly emphasized that even when legal compliance is reported, significant variation remains in how implementation actually unfolds across Member

States. As Bondarouk and Mastenborek (2018) suggest, assessing compliance solely through a legal lens, meaning whether directives are formally enforced, conceals the real variation in how EU law is actually being implemented. The authors propose a three-dimension framework that evaluates implementation not only by its “substance” (legal content), but also in terms of “scope” (coverage across sectors and territories) and “effort” (administrative and financial resources committed) (p. 19-20). This approach reveals that even where legal compliance appears present, significant divergence exists across member states in terms of intensity, reach and prioritization of policies. Such variation often does not necessarily come as a result of non-compliance per se, but from political discretion, resource discretion and differing national interpretations of the wording of the directives. This further underscores the negotiated and adaptive character of EU implementation (Bondarouk & Mastenbroek, 2018, p. 24).

Bondarouk and Mastenborek (2018) developed this particular framework to assess environmental policy in the EU, however do suggest that it could function as a starting point to assess compliance across all policy areas. Within environmental policy a great example of this duality inherent within the EU law between legal formality and informal adaptation is the Water Framework Directive (WFD) (2000/60/EC). The directive was elaborated back in 2000. It has become increasingly more relevant with introduction of the European Green Deal in 2019, which puts environmental policy at the fore front of the EU agenda (European Commission, 2023). The WFD acts as the “main law for water protection in Europe”, focusing on “reducing and removing pollution, ensures an integrated approach to water management…” (European Commission, 2023). In February 2025, the European Commission published a report where it provided a thorough assessment of the implementation of the WFD across the EU vis a vis the environmental goals set by the EU for 2050. The report uncovers persistent gaps in actual compliance and effectiveness across Member States, highlighting delays in implementation by some Member States and despite the common understanding provided by the directives, significant differences persist across Member States for example on how frequently they monitor or the parameters they use (European Commission, 2025).
This reflects the broader dynamic explored throughout this study: that EU-wide objectives are often undermined by national-level discretion, administrative limitations,

and fragmented coordination. While the directives are legally binding, their transposition and implementation are mediated through varying national political priorities and capacities, echoing the negotiated compliance model and multilevel governance structures examined in Chapter 2. This example reinforces the argument that even in environmental policy, an area of significant EU competence, the Union remains reliant on flexible, adaptive mechanisms to secure cooperation, further blurring the line between supranational ambition and national responsiveness.

3.1.2 Crisis-Driven Implementation Adjustments

In the last twenty-five years, the EU has had to face several crises that has significantly challenged the formal, treaty-based approach to policy implementation. The EU response to these crises has not been only relying on its pre-existing rules, rather it used improvised, flexible instruments developed under pressure. These crises-driven adaptations reveal a core tension in the EU's implementation model: while legal rigidity ensures coherence, real-world challenges often require fast, informal adjustments that stretch or bypass formal frameworks.

The past decade in particular has placed the EU in a near-constant state of "crisis mode" (Von Ondarza, 2023, p. 7), from the Euro crisis to the 2015 migration crisis, Brexit in 2016, and the COVID-19 pandemic. As a result, the Union has repeatedly taken "far-reaching decisions" and launched new tools not foreseen in the founding treaties (Von Ondarza, 2023, p. 7). The EU's responses, however, vary considerably by context sometimes advancing institutional innovation at the supranational level, and other times leading to fragmented, unilateral actions by Member States. Both the migration crisis and the pandemic exemplify this duality: while they prompted the creation of new EU-level instruments, they also saw national governments acting independently, without coordination with EU institutions or neighbouring countries (Morsut & Kruke, 2018, p. 145; Sabbati & Dumbrava, 2020).

3.1.3 2015 Migration Crisis:

The migration crisis started in 2015 when the EU saw a significant increase in the number of refugee and migrants coming mainly from the Middle East and Africa. “Military conflicts and poverty” in countries like Syria and Afghanistan lead to “more than a million refugees and migrants” to move towards Europe by crossing the Mediterranean (Gladysh & Viktor, 2020, p. 17, Kriesi, 2025, p. 4). When it comes to migration policy, the jurisdiction is still very much left to Member States, since it directly touches upon their own national sovereignty (Morsut & Kruke, 2018, p. 149). In the EU, “title V (Area of Freedom, Security and Justice) of the TFEU” shapes a shared policy on “asylum, immigration, visa and external border controls” (Morsut & Kruke, 2018, p. 149). On paper, migration policy in the EU is regulated through legal frameworks such as the Schengen Agreement and the Common Asylum System (CEAS), however what was shown during the crisis was that the framework was able to handle only “tidy, small-scale, regulated group of refugees” and instead when it came to increased numbers it struggled significantly (Morsut & Kruke, 2018, p. 151).

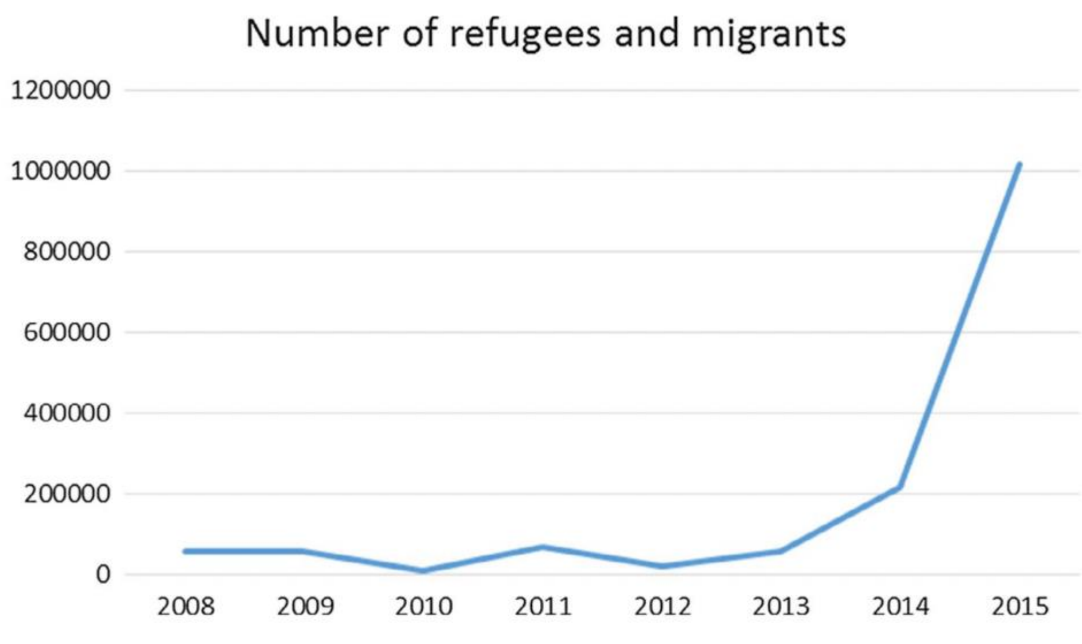

Figure 1: Refugees and migrants crossing the Mediterranean Sea towards the EU (Morsut & Kruke, 2018)

The crisis highlighted the most prominent issues in the area of migration policy: “imperfection of the system of delimitation of the EU competencies; a large number of

countries with conflicting interests in various spheres; fragmentation of programs in force at the national level" (Gladysh & Viktor, 2020, p. 9).
The 2015 migration crisis revealed critical flaws in the EU's rule-based policy framework, particularly in areas like the Dublin Regulation and the Common European Asylum System (CEAS), which were designed for limited, orderly flows rather than mass displacement. Faced with diverging national interests and political pressure, many Member States unilaterally reintroduced internal borders or rejected refugee quotas, directly challenging the Schengen system. This example underscores the core paradox of EU governance: while supranational rules aim for legal coherence, implementation in practice must often accommodate national responsiveness, especially in politically sensitive domains like migration.

3.1.4 COVID-19 Recovery Fund

The COVID-19 pandemic represents a "general health crisis" that was not only novel and unexpected for the EU, but it affected symmetrically all Member States (Kriesi, 2025, p. 8). Similar, to migration policy, health policy is an area where the EU has only "supporting competences", decisions concerning health are largely still made by Member States at the national level (Von Ondarza, 2023, p. 15). However, the novelty of the pandemic and the understanding that cooperation and coordination at the EU level would represent the better way to handle the crisis led to the development of common EU crisis instruments. This included joint vaccine procurement, marking the first time the EU played a direct role in securing a public health good for all member states, the creation of temporary crisis instruments like SURE (€100 billion in unemployment loans) and, most significantly, the Next Generation EU (NGEU) recovery fund. The development of these three instruments was justified using the "emergency clause in Article 122" of the TFEU (Von Ondarza, 2023, p. 7-6). The NGEU acted as a recovery fund (new financial instrument for the EU) to support Member States through their economy recovery following the pandemic and return to the state they were pre-pandemic by providing grants and loans through Recovery and Resilience plans (RRFs) elaborated by Member States and monitored by the Commission. These funds are directed towards key areas such as the green transition, digital transformation, and enhancing economic and social resilience. (European Union, 2023). The introduction of the NGEU has proved the adoption of a new approach concerning economic governance in the EU. (Von Ondarza, 2023, p. 24). NGEU represents a significant shift in EU policy implementation, as it involves the European Commission borrowing funds on behalf of the EU, a significant departure from traditional fiscal arrangements (Von Ondarza, 2023, p. 21). However, this flexible response exposed deeper contradictions. It effectively sidestepped the "no bailout" rule in Article 125 TFEU (Costamagna, 2021, p. 40), raising questions about legal continuity and long-term governance norms. Moreover, while the Commission exercised oversight, the actual design and implementation of reforms remained highly decentralized, highlighting the enduring tension between supranational coordination and national autonomy (European Union, 2023).

This example shows how crisis conditions can drive rapid policy innovation, temporarily overriding formal constraints. Yet, it also reflects the EU's evolving governance style reliant on flexibility and informal adaptation to maintain cohesion under stress. Whether NGEU represents a one-time exception or a turning point toward deeper fiscal union remains a key question, but it undoubtedly reinforces the EU's shift toward a "crisis management polity" (Rhinard, 2022, p. 10), increasingly defined by improvisation over constitutional clarity.

These examples demonstrate that the EU's policy implementation system is shaped not only by legal formalism, but also by a dynamic interplay between supranational rules and political pragmatism where rigidity coexists with adaptive flexibility in response to everyday governance and extraordinary crises.

While informal adaptation and crisis governance illustrate how EU law bends under pressure, a second structural tension lies in how the EU increasingly permits institutionalised differentiation by design. The next section of this chapter explores more deeply through the practice and implications of opt-outs and variable-geometry Europe.

3.2 Policy Differentiation: a strength and a weakness

As previously depicted in Chapter 2, policy differentiation has become in the last two decades a core part of EU policy implementation, it exists in several of its most important legal frameworks such as the Economic Monetary Union (EMU) and the Schengen agreement. It is also often present in some type of form in many secondary laws introduced by the EU (Cuyvers, 2023, p. 1166). As Chapter 2 has already provided an overview of the theoretical implications and on the background of the concept of policy implementation, this section will instead focus on looking at the practical effect that opt-outs and flexible application that characterize policy differentiation have on policy implementation.

3.2.1 Variable-Geometry Europe in practice

The adoption of the Maastricht treaty in 1992 represents a watershed moment for the EU, it marked the gradual drifting away from the goal of uniform application of EU law towards the acceptance of differentiated integration. It is fair to say that even in the past a limit for the EU was the fact that national application of EU law was quite often not completely faithful or correct. However, the main objective was always to reach a "unitary legal order" that would be applied uniformly across the entire polity (De Witte, 2017, p. 9). The presence of differentiated EU law was not the norm, but rather it represented an anomaly that was accepted because perceived as temporary. Nowadays the presence of a "gap between the goal of uniform application and the messy practice within the Member States" is perceived as inevitable characteristic of the organization (De Witte, 2017, p. 9-10). It has recently become common practice in the Union to allow unequal implementation between Member States, permitting them to deviate from common standards or opt out of participating in developing EU law norms, resulting in no need to follow them. The absence of certain Member States from EU norms is called variable geometry meaning that "the territorial design of a certain EU policy is modified from the outset, due to the absence of some Member States" (De Witte, 2017, p. 9-10). As mentioned in Chapter 2, in order to achieve the introduction of the EMU through the approval of the Maastricht treaty structural differentiation was viewed as a necessity, in order to appease reluctant countries and allow the deepening to continue smoothly. Despite that the opt-out options granted to Denmark and the UK were defined as temporary, no actual deadline was set for them to join the EMU. More than thirty years have passed and the UK has made the drastic decision to actually leave the EU without ever joining the eurozone and Denmark still makes use of its opt-out option regarding the

EMU. In 1997 the Amsterdam treaty introduced a new possible instrument for states to further integration in a more flexible way: "Closer Co-operation". The idea is allowing subgroups of EU Member States (at least nine) to move ahead on specific policies without requiring unanimity or full participation. This mechanism was formalized in the Treaty of Amsterdam and refined in subsequent treaties but has remained rarely used (Hall, 2000, p. 2, Deubner, 2006). Some scholars view this type of integration as something that can become useful when uniform integration perpetually fails, in order to maintain the momentum going (Böttner, 2022, p. 1146). This type of flexible integration despite being introduced in the late 90s, was not used for almost a decade, lately however that has gradually started to change. Despite this the number is still quite small with only five cases of it being used in: "the law applicable to divorce and legal separation, unitary patent protection, the financial transaction tax, property regimes of international couples and the European Public Prosecutor's Office (EPPO)" (Böttner, 2022, p. 1147). The amount of time that it took states in the five cases to resort to enhanced cooperation differ quite substantially, some like the introduction unitary patent protection was discussed at length as something to do uniformly across the Union before States leave it as optional to adhere. The Unitary patent was introduced on the 1st of June 2023 with 18 member States participating. The Unitary patent represents a step towards further integration since it is automatically valid in all participating member states without the necessity to validate the patent in the individual countries (EPO, 2024).

Deubner (2006) distinguishes between two models of closer co-operation: enhanced cooperation within the EU treaties is legally constrained and requires prior institutional approval, ensuring procedural legitimacy. Instead, the closer cooperation outside the treaty framework allows for greater flexibility but risks undermining the Union's legal consistency and institutional cohesion. These dual pathways allow subsets of member states to deepen integration without requiring consensus from the entire Union. This tension between legal rigor and political flexibility is reflected in real-world examples such as the Eurogroup and Permanent Structured Cooperation (PESCO). The Eurogroup, an informal gathering of eurozone finance ministers, has grown into a powerful body for economic coordination despite not being formally codified in EU treaties (Deubner, 2006, p. 7-9). It exemplifies how extra-institutional arrangements can acquire significant influence, especially during crises like the eurozone debt crisis, while excluding non-euro members and contributing to a multi-speed Europe. On the other hand, PESCO operates under Article 42(6) TEU as a treaty-based mechanism for enhanced defence cooperation. It allows participating states to pursue joint military projects while respecting differing national commitments and capabilities (Deubner, 2006, p. 7-9).

Together, these cases demonstrate how differentiation whether formally embedded or informally constructed serves as both a pragmatic tool for integration and a challenge to the EU's institutional coherence and unity. While both the Eurogroup and PESCO represent examples where differentiation can be fruitful in advancing cooperation in certain policy areas that are particularly sensitive or politically gridlocked, they also expose the costs associated with having such a flexibility. The risk with this type of cooperation is that it can reinforce a model of multi-speed Europe, in which only a small group of states have the power to influence key decisions, potentially side-lining others and undermining the democratic legitimacy and uniformity of EU law. When applied in practice, this fragmented approach complicates implementation as EU objectives become filtered through diverging national interests, capacities, and timelines (Deubner, 2006). Therefore, despite being a viable solution to manage the increase political heterogeneity that characterises the EU, it has its own issues. The European Union has as its foundation the core principles of "social and political solidarity, commonality of interest, equality of sovereign governments and the rule of law". All these principles are at risk of being undermined by greater flexibility. It is therefore necessarily for the EU to find a balance between "making closer co-operation a viable decision-making tool, while ensuring it is not abused" (Hall, 2000, p. 2).

This struggle is very much present within environmental policy, where the EU has developed very ambitious goals through the Green Deal and the objective of reaching climate neutrality by 2050. These ambitious objectives require cohesive implementation across all Member States to be reached. The hard reality is that national heterogeneities in aspects such as energy mixes, economic resilience, administrative capacity, and public support, have resulted into a fragmented process of implementation. Data collected recently by the European Commission shows that at the moment the EU appears to be on right path to reduce emissions by only 51% by 2030, rather than the 55% target set under the Fit for 55 (European Economic and Social Committee, 2024). It is also lagging behind on other targets, for instance in energy efficiency efforts only a 5.8% reduction has been achieved compared to the 11.7% target. In 2024 the European Economic and Social Committee (EESC) adopted an opinion where it called for a "recalibration of the Green Deal", citing not only a lack of coherent monitoring and communication, but also growing implementation burdens on small businesses and financial uncertainty for green investment. These disparities in capacity and coordination highlight the broader difficulty of aligning differentiated national contexts with supranational climate goals. While differentiation may allow Member States to move at varying speeds, it also risks undermining the EU's image as a global climate leader and its internal policy coherence (European Economic and Social Committee, 2024).

Figure 2: EU objectives in environmental policy (European Union, 2019)

3.2.2 Opt-outs and institutional flexibility

This paper has already introduced the concept of opt-out within the EU, the ability of a state to decide to refrain from participating in certain aspects of EU integration. They are formal tools embedded in treaties that allow permanent exceptions that risk weakening the coherence, solidarity and uniformity of EU policies. Chapter 2 provided as an example the case of Denmark that under the Protocol has decided to opt-out of critical areas like the EMU, Justice and Home affairs and Common Security and Defence Policy (CSDP). These opt-outs allowed continued integration by removing potential vetoes from reluctant states, but they simultaneously institutionalized fragmentation into the EU's legal framework.

A specific example worth discussing is the Republic of Ireland, in order to build a more complete picture of the practicality of allowing Member States to opt out of EU law. Ireland joined the EU in 1973 together with the UK and Denmark. It is often used as the example of achieving success through EU membership, the country joined the Union as an underdeveloped economy still closely tied to the UK's economy, Ireland has been on many fronts an advocate for further EU integration, putting itself in direct contrast compared to its neighbouring country continuous discontents concerning European integration (Torna, 2019). Even after Brexit, although public support for the EU in Ireland was predicted to falter, this did not occur, rather support remained consistent (Simpson, 2018).

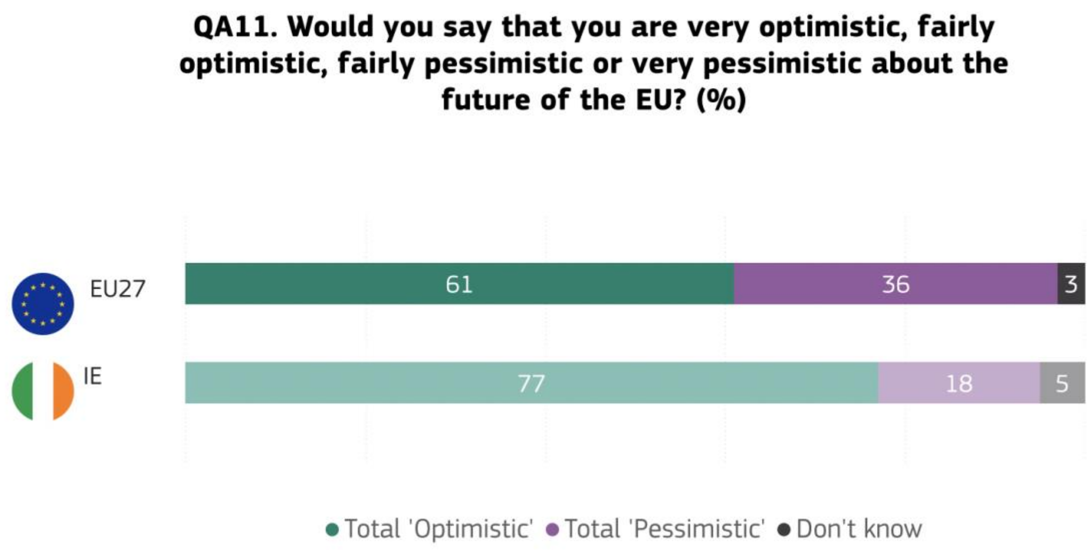

Figure 3: Optimism towards the EU in Ireland in 2024 (Eurobarometer, 2024)

Despite not having since its entry in the Union many reservations towards political integration, a point of apprehension for Ireland concerns the development of a common defence and security policy in EU (Sutherland, 1992, p. 147).
Ireland has been pretty consistently a country that has defined itself as neutral and it has proved its neutrality by not joining NATO in 1949 when the Alliance was created (Torna, 2019). In Ireland, neutrality is guarded through the "triple lock" meaning that in order to send Irish military into combat, it has to be approved by the Cabinet and Parliament as well as a UN mandate. Hunted by a past of violence and being forced to participated in World War I while still being part of the UK, Irish foreign policy has been mainly characterised by neutrality. Even through the political turmoil that the world stage has witnessed in the last five years, in which we have seen neutral states deciding to join NATO like Sweden.
The idea of a common defence and security policy in Europe has been floating around for decades at this point, we can even trace it back to the 1950s when conversations on the possible development of a "European army" were taking place (Cramer & Franke, 2021). In the last few years, events such as the Russian aggression of Ukraine in 2024, the election of President Donald Trump in the US in 2016 and 2025 and Brexit, have heighted in the EU the need for increased security through a common policy. The addition of article 42.7 in the Lisbon Treaty is a great example of security and defence policy being put at the forefront of the EU policy agenda. The article takes inspiration from article 5 of the NATO Washington treaty acting as a mutual defence clause, in case a Member State is attacked, the rest "have towards it an obligation of aid and assistance by all the means in their power" (Treaty of Lisbon, 2007).

The inclusion of the so-called Irish clause in Article 42.7 of the Lisbon Treaty show how the EU institutionalises flexibility to reconcile differing national positions within its legal framework. Specifically crafted to accommodate the neutral or non-aligned status of countries like Ireland, Austria, and Finland, the clause ensures that mutual defence obligations "shall not prejudice the specific character of the security and defence policy of certain Member States" (Treaty of Lisbon, 2007).This strategic ambiguity allows Ireland to remain committed to its long-standing policy of military neutrality while still participating in a range of EU security initiatives, such as PESCO and the European

Defence Fund. Through mechanisms like the “triple lock” requiring UN, government, and parliamentary approval for military deployments, Ireland maintains domestic legitimacy without fully disengaging from EU defence cooperation. Yet, this model of selective participation, while pragmatic raises broader concerns about coherence in the EU’s Common Security and Defence Policy (CSDP) (Cramer & Franke, 2021). The legal and political uncertainty surrounding who would respond, and how, under Article 42.7 in a real crisis dilutes the clarity and solidarity that such a clause is intended to represent.

Ireland’s example represents perfectly the double-edged nature of institutional opt-outs in the EU. They have the potential to be effective instruments for managing the diversity in the Union and respecting national sovereignty, but they also risk undermining the credibility and unity of EU action, particularly in politically sensitive areas like security and defence.

At the core of this balancing act is the European Commission, which must balance its official duty as treaty custodian with its informal job as a political broker. Whether monitoring opt-outs, negotiating compliance, or managing conditionality frameworks such as NGEU, the Commission is constantly adapting to preserve coherence while recognising national sensitivities, emphasising its critical role in mediating between legal uniformity and political variety.

As Cuyvers (2023) warns, while differentiation can enhance democratic legitimacy by providing Member States with more control over their level of EU integration, permitting too much flexibility can result to significant “legal and political headaches” (p. 1183).

A fully dynamic model, where states can freely opt in or out risks, turning the EU into a “pick-and-choose” system, undermining coherence and solidarity. Attempts to restrict this flexibility, such as limiting opt-outs or allowing only deeper integration, would constrain national autonomy and contradict the original purpose of differentiation. Thus, the EU faces a paradox: differentiation is necessary to accommodate diversity, but managing it without undermining legal consistency or institutional unity requires clearly defined rules and limits.

To conclude, this chapter has explored the internal contradictions embedded in the EU's policy implementation model, revealing how its structures simultaneously promote legal coherence and political flexibility. Through the examination of institutional tensions, crisis-driven adaptations, and the increasing prevalence of policy differentiation, it becomes clear that the EU is governed not by a singular logic of uniformity, but by a complex balancing act between supranational authority and national discretion. While flexibility through negotiated compliance, emergency measures, and opt-outs has allowed the EU to navigate diverse national contexts and political crises, it has also produced uneven implementation, legal ambiguity, and potential fragmentation. Mechanisms such as enhanced cooperation, the Irish clause, or 'agencification' help manage heterogeneity, but they also institutionalize asymmetry and raise difficult questions about the limits of unity within diversity. Ultimately, these tensions are not merely obstacles to be overcome but structural features of the EU's evolving governance architecture. Understanding them is essential to assess both the resilience and the vulnerabilities of the European integration project in practice.

Recognising these inconsistencies is critical not just to understanding how the EU operates today, but also to shape future discussions about treaty revision, democratic accountability, and the limits of flexible integration.

Chapter 4: Theorising alternative visions for the EU's future policy implementation

The previous chapters have focused on examining the current structural contradictions that characterise the EU's policy implementation process, this chapter instead looks at the future. It tries to provide an overview of the possible different theoretical trajectories towards which the EU might evolve as a polity when it comes to its policy execution. These models are not mutually exclusive and the EU to a certain extent possesses some features of these models already, however they do represent ideal types that reflect different logics of integration, sovereignty, and adaptability. The idea is for this chapter to build a picture for what the future of European governance could look by painting two starkly different models of EU governance using concrete examples of policies already present in the EU.

4.1 Competing theoretical futures for policy implementation in the EU

4.1.1 Federalist Europe: a vision of uniform policy implementation

As previously depicted in Chapter 2, despite still lacking several features for it to be considered a fully-fledged federalist system, many core characteristics that the EU has developed through the deepening of integration in the last few decades that are inherently the ones of a federation. Within the political sphere of the EU, movements in favour of the EU transitioning gradually towards a federation have existed since the early 1980s, when in 1980 an Italian directly elected Member of the European parliament, Altiero Spinelli founded the Crocodile Club to promote European integration. He had previously co-authored the Ventotene Manifesto in 1941 while he was imprisoned by the Italian fascist regime, where he promoted the idea of a federal Europe. In the post-WWII era, the manifesto was modified in order to soften its most radical elements and it became the foundation of the Union of European Federalists (UEF) and the broader European Movement, both dedicated to the creation of a "United States of Europe" (Kaiser, 2024). Since 2010, Federalists through the Spinelli Group, "the network of federalist-minded Member of the European Parliament" (The Spinelli Group, 2019) have continued to influence and shape the trajectory of the EU by advocating for deeper integration and treaty reform towards a federal structure (Kaiser, 2024).

The institutional reforms that would lead the EU toward a more federalist nature were elaborated in the 2018 'Manifesto for the Future of Europe' adopted by the Spinelli Group. This paper was written as a response to the tendencies towards disintegration like Brexit, which according to them would have devasting consequences. They propose an idea of the European Union as federal union of states, that would be democratic in nature, efficient in function and resilient to current challenges. At the core of this reform is the development of a much stronger and most importantly more transparent governance framework. In order to achieve this, they suggest strengthening the role of the European Commission as the supranational authority within the EU, which would be held accountable through a more influential and representative European Parliament. Additionally, they propose the idea of streamlining the complex patchwork of treaties that currently compose the EU legal framework into one single constitutional treaty allowing for more clarity, coherence and democratic legitimacy. Within this treaty reform, they strongly advocate for the expansion of EU competences in strategic areas such as fiscal policy, energy and immigration, where relying solely on national responses has proven to be deeply inadequate. In the Manifesto, the Spinelli Group promotes the use of a more flexible approach to integration through differentiation, therefore allowing Member States to advance more deeply and swiftly in their cooperation. The federal model that the Group envisions is not about strict centralization, rather about balance, distributing power across European, national, regional, and local levels to better serve citizens (Spinelli Group, 2018).

The vision of a federal Europe described remains quite ambitious and aspirational, however recent policy innovations appear already to reflect some of its core principles in practice. A particularly appropriate example is the Recovery and Resilience Facility (RRF), which embodies many of the federalist ideals of centralized funding, conditionality, and uniform oversight (Fabbrini, 2024, p. 4).

The Recovery and Resilience Facility (RRF) was introduced through the NGEU programme in the summer of 2020 with the aim of aiding Member States through the recovery from the economic downturn caused by the 2020 COVID-19 pandemic. It has however been perceived as a "turning point in the project of European integration" (Fabbrini, 2024, p. 4), by being the first "large-scale EU-wide investment initiative" (Heimberger & Lichtenberger, 2023). For the RRF; the EU has earmarked 723.8 billion euros of which 385.8 billion are in repayable loans and the other 338 billion are grants, meaning that an individual state does not have the responsibility of repaying it directly itself. The RRF is "a large-scale temporary EU-wide investment initiative through the issuance of EU bonds". It allows the EU Commission to "raise funds in the financial markets on behalf of all Member States", the funds are allocated based how serious the consequences of the pandemic were on the Member States, therefore those hit harder will receive a higher amount of funds compared to those that were affected less (Heimberger & Lichtenberger, 2023, p. 12). Despite representing a turning point, RRF is temporary in nature, the instrument will be active only from 2021 to 2026, already in 2024, the grants have started to be phased out. Attached to RRF grants and the disbursement are conditions mainly with the goal of promoting "macroeconomic stabilisation". The conditions for disbursement are tied with compliance from member states to EU targets, namely Member States will have gradual access to the funds as soon as they can provide proof of investments and reforms aimed at achieving EU targets. For instance, "at least 37% of total RRF spending must go to 'green transition' projects, and 20% must go to digitisation" (Heimberger & Lichtenberger, 2023, p. 12).

Despite the temporary nature of the RRF, it certainly set a positive precedent for the future since it was ultimately quite successful. Heimberger and Lichtenberger (2023) suggest creating a "RRF 2.0", this time permanent with the aiding the EU in reaching its climate targets such as climate neutrality by 2050. They highlight how a common fund would be more effective in overcoming "cross-border challenges, geopolitical competition" compared to fragmented national actions. It would also guarantee more equity, by supporting poorer EU regions facing higher energy burdens. The creation of a permanent EU investment fund taking RRF as a blueprint, would be crucial to meeting long-term climate targets and reducing energy dependency, continuing without such an instrument means that national fiscal constraints and market failures will continue to inhibit the EU's green transition and competitiveness (Heimberger & Lichtenberger, 2023).

Proposals like the one developed by Heimberger and Lichtenberger (2023) show how even though the RRF is a temporary instrument, its structure and effectiveness mark a significant precedent for developing a more integrated and permanent fiscal capacity at the EU level, one that aligns closely with federalist ambitions for deeper, uniform policy implementation. In this light, the RRF acts not only as a crisis-management mechanism, but as a concrete representation on how a federalist vision for the EU could look like. Based on shared fiscal instruments, centralised oversight, and solidarity-driven resource, it can transition from political aspiration to operational reality, providing a blueprint for a more cohesive and resilient Union. Nonetheless, European federalist visions since they emerged have been met with and a considerable amount of opposition. The widespread reluctance, and for many aversion, to using the notorious 'f-word' for the EU is reflected in recurring phases of "treaty reforms, finalitè debates" and particularly during moments of crisis when integration is most contested (Sonnicksen, 2021, p. 115).

4.1.2 Networked Europe: A plurilateral model for the EU

The EU could move towards a less rigid structure of governance than federalism and gradually transition to a multilevel adaptive governance model that is characterised by a non-hierarchical structure, in which the main priorities are coordination, cooperation and flexibility rather than rigid legal hierarchies and centralised control. Something we could refer as a networked Europe, which consists of horizontal governance, shared responsibilities and voluntary alignment among member states and EU. Scholars such as Kohler-Koch and Eising (1999) have described the EU as a "networked polity" due to its reliance on negotiated decision-making in the absence of majority rule and a unitary conception of the common good (as cited in Sørensen & Torfing, 2014). The concept of 'plurilateralism' instead was coined by Philip G. Cerny in the early 1990s to depict the new world order that had transformed from 'hierarchy of holistic actors, states, which impose order through power and hegemony, to a more complex and diffuse set of interactive self-regulatory mechanisms or webs of power (Cerny, 1991 as cited in

Zielonka, 2007, p. 192). In the context of the EU, plurilateralism describes a new type of governance model that is "multi-level, polycentric and networked" (Zielonka, 2007, p. 192).

Three core features would characterise this model of 'Networked Europe'. Firstly, this plurilateral model of the EU governance does not have a "single centre of authority in charge of key functional fields" but by various actors that operate across on overlapping functions throughout the entire Union without much focus on territorial boundaries (Zielonka, 2007, p.192). The lack of a rigid centralization and strict hierarchies would allow for more flexible implementation, since its governance it is not based on "steering but gardening" therefore "reflecting principles of flexibility, subsidiarity, devolution and differentiation" (Zielonka, 2007, p.192). This would allow Member States to tailor the policies they are implementing to their unique administrative structures, environmental conditions or economic situations. This flexibility could enable better compliance and more effective, context-sensitive outcomes in complex or rapidly evolving policy areas (Maggetti, 2014, p. 510). Additionally, compliance in this model is not driven by sanctions or coercion imposed by a centralised authority but rather by incentives (Zielonka, 2007, p.192).

Secondly, in this model, as authority is not centralised but it would be distributed across a horizontal web of actors, which include EU institutions, national government, subnational authorities, and a range of non-state stakeholders. Decentralised specialised agencies would increasingly be used by the EU to govern. As Chapter 2 describes, since the beginning of the early 2000s, parallel to the process of increased diversity and deepening in the EU, we have witnessed the development and strengthening of networks, both formally through European Agencies and informally through European Regulatory Networks (ERNs) (Maggetti, 2014, p. 510, Freudlsperger et al., 2022, p. 1984). This model has also gained traction through 'agencification' the creation of decentralized European agencies to carry out technical, regulatory, and advisory functions. The 2021–2027 Strategy for the EU agency network exemplifies the growing reliance on such entities (Freudlsperger et al., 2022, p. 1984). There are already over 30 of decentralised agencies in the EU, each with its own legal personality for an indefinite amount of time. They are also clearly different actors from the European institutions such as the European

Parliament and the European Commission (European Union, 2022). These agencies take part in the process of implementation of EU policies. They also facilitate collaboration between the Union and national governments by combing technical and specialised information and experience collected both from EU institutions and Member States. These agencies have their headquarters and offices spread across the Union and they deal with issues that impact on a daily basis the life of almost 450 million citizens. For instance, examples of their fields of focus are food, medicine, justice, transportation, safety and the environment. (European Union, 2022) The fact that all the agencies are located in different member states is also not coincidental because it plays the role of increasing at a substantial level the visibility of the Union in other member states, since most of EU institutions are located in Brussels. (European Parliament and Commission, 2012, p. 1). These decentralized structures enable more expert-driven, context-sensitive governance and encourage local ownership of EU initiatives. Complementing this is a growing reliance on soft law and voluntary coordination mechanisms.
Finally, Networked Europe steers clear of rigid legal instruments in favour of tools such as recommendations, peer reviews, benchmarking, and the exchange of best practices, therefore favouring soft law to hard law (Zielonka, 2007, p. 194). These instruments foster policy learning, allow experimentation, and reduce political resistance to integration in sensitive policy areas like employment, immigration, the environment where solutions might appear "uncertain and politically sensitive" (Eberlein & Kerwer, 2004, p. 125).

A notable example of implementing this new type of governance is the Open Method of Coordination (OMC). The concept first appeared in the European Employment Strategy within the Amsterdam Treaty of 1997 and was later refined at the 2000 European summit in Lisbon (Eberlein & Kerwer, 2004, p. 125, Zielonka, 2007, p. 194). It is elaborated based on four points: "(1) fixed guidelines set for the Union, with short-, medium-, and long-term goals; (2) quantitative and qualitative indicators and benchmarks; (3) European guidelines translated into national and regional policies and targets; and (4) periodic monitoring, evaluation and peer review, organized as a mutual learning process" (Eberlein & Kerwer, 2004, p. 123). The idea is creating a framework for voluntary alignment among Member States, which allows them to knowledge-share, "compare themselves to one another and reassess current policies and programmes in light of their relative performance", promoting integration without triggering sovereignty-related tensions by trying to homogenise the different "policy regimes and institutional arrangements" of Member States (Zielonka, 2007, p. 194, Sørensen & Torfing, 2014, p. 332, European Union, 2017). The objective is "experimental learning and deliberative problem solving" throughout the Union rather than "enforced convergence from the top" (Zielonka, 2007, p. 194).

A particularly illustrative case is the European Climate Adaptation Platform (Climate-ADAPT), a result of a partnership between the European Commission and the European Environment Agency (EEA). It functions as a knowledge-sharing network to support national, regional, and local authorities in developing climate adaptation strategies. Through Climate-ADAPT, Member States voluntarily are able to share data, case studies, and policy tools, forming a cross-border web of practitioners, researchers, and institutions (European Environment Agency, 2024). It shows how EU agencies can act as knowledge brokers rather than regulatory enforcers, and how policy diffusion occurs through horizontal cooperation and iterative learning rather than legal harmonization. This platform helps the EU advance climate resilience despite the absence of binding adaptation obligations, showcasing the strength of network-based governance in complex and variable national contexts.

Ultimately, the Networked Europe model illustrates how the EU can implement complex and sensitive policies through a flexible, decentralized, and cooperative framework, offering a compelling alternative to rigid integration offered by federalism, by balancing the need for coordination with respect for national diversity and policy autonomy.

Table 1: Two future model of EU governance

Dimension	***Federalist Europe***	***Networked Europe***
Governance structure	Centralised, hierarchical	Decentralised, horizontal
Policy implantation logic	Uniform and binding	Differentiated and voluntary
Role of Institutions	Strong role of EU institutions, particularly Commission and Parliament.	Distributed authority among agencies, Member States, stakeholders
Compliance mechanism	Legal enforcement and supranational oversight	Incentives, knowledge-sharing, mutual learning
Strengths	Clarity, cohesion, centralized solidarity	Adaptability, innovation, inclusiveness
Risks	Political resistance to centralization, limited responsiveness	Fragmentation, inconsistent implementation, lower legal certainty

These two competing but not mutually exclusive models uncover two fundamentally different paths that EU policy implementation could embark on in the future. Federalist Europe is based on institutional centralisation, democratic legitimacy through supranational authority and policy uniformity as a response to shared challenges. Instead, Networked Europe outlines as its priority's flexibility, horizontal coordination and differentiated implementation to respect diversity. While federalism offers clarity and cohesion, networked governance provides adaptability and inclusiveness. Together, they embody the enduring tension at the heart of the EU: how to integrate deeply while remaining responsive to national and regional variation, a dilemma that will likely define the EU's governance trajectory for decades to come.

4.2 Strategic tensions and hybrid futures

The two models of EU governance proposed in the previous section, despite being quite different on many dimensions as Table 1 shows, are not mutually exclusive. As a matter of fact, the most likely trajectory for the European Union will not be moving linearly toward either federalism or networked governance, but rather continue to develop into a hybrid system that blends both models adapting to the institutional complexity, policy field specificity, and crisis-driven challenges of the Union.

4.2.1 The logic of hybrid governance in the EU

This paper has already revealed that defining the nature of the EU and placing into the conventional categories used to distinguish political polities has been a struggle for the literature since the EU transitioned to deeper levels of integration in the last thirty years. Zielonka (2007) goes as far as describing "official and academic discourse on European governance" as being "schizophrenic" (p. 187). Since the EU on one hand, is seen as a multi-level, polycentric governance based on horizontal structured networks. On the other hand, its governance is still very much about "securing compliance with EU laws and regulations, formal and structured decision-making, greater convergence and standardization, suppression of diversity and consolidation of the external boundary" (Zielonka, 2007, p. 188). The White Paper published by the European Commission in 2001 did not provide any type of clarification but rather represents a clear example of this paradox. The document supports the gradual adoption of "new forms of governance, such as self-regulation, co-regulation, the open method of co-ordination and independent regulatory agencies", nonetheless at the same time advocates to strengthen the traditional and structured 'Community Method', which prescribes "a strong central authority managed by the Commission itself" (Zielonka, 2007, p. 188). This shows how the Commission appears to advocate for network governance, only when it is able to control those networks.

The truth of the matter is that the EU is clearly too integrated to function solely as a network, particularly as it is unlikely to lose its centralisation features, however it is also too diverse to function as a full federation, especially with continued enlargement. This duality can be clearly witnessed in the Union's institutional evolution, it has developed both centralised instruments for unity and solidarity like the Recovery and Resilience Facility (RRF) (Fabbrini, 2024), simultaneously it strengthened decentralised networks for coordination and policy learning like the system of decentralised European agencies (Freudlsperger et al., 2022, p. 1984). This hybrid structure is not solely the result of political indecision but reflects a functional differentiation across policy areas. The EU tends to centralise governance in areas requiring crisis management, financial solidarity, or rule enforcement, while relying on flexible, networked models in domains where sensitivity to national sovereignty or policy diversity is greater, particularly in social policy like unemployment. (Eberlein & Kerwer, 2004, p. 125). This hybridity also reflects the EU's legal system's legal pluralism in which supranational, national, and international legal systems intersect and interact, resulting in institutional friction and adaptive governance (Barber, 2006). Through a political lens, hybrid governance facilitates compromise: EU are able to maintain cohesion and oversight, simultaneously Member States still enjoy flexibility in implementation. It prevents strong opposition by dodging explicit challenges to sovereignty, making it a pragmatic choice in an increasingly heterogenous Union. This shifts the understanding of hybrid governance from being perceived as a flaw, to being viewed as functional necessity to overcome its internal contradiction.

4.3 Policy-specific governance logics

As the multiple examples in this paper have shown, the hybrid nature of EU governance can be witnessed when looking at how policy is implemented across the different policy areas. Rather than a uniform model the EU applies different degrees of centralisation or flexibility depending on the political sensitivity, technical complexity, and strategic urgency of each policy area.

4.3.1 Fiscal and crisis governance: Federalist traits in times of urgency

The EU's current approach to fiscal and crisis governance largely represent the federalist tendencies, specifically in moments with intense pressure that require unified, coordinate and swift responses. An evident example of this was the creation of the Recovery and Resilience Facility, a ground-breaking supranational fiscal tool, as a response to the COVID-19 pandemic. As previously mentioned, the European Commission was allowed to raise funds on the financial markets on behalf of Member States, therefore establishing albeit temporary a significant central fiscal capacity. The introduction of strict conditionality clauses tied to the loans and grants of the RRF reinforced oversight and accountability at the supranational level (Fabbrini 2024, Heimberger & Lichtenberger, 2023). Marking a turning point in the EU fiscal policy, that could to further developments of deeper integration.

Importantly, the logic of deepened integration through crisis is not new. As Moravcsik argues crises such as the Eurozone turmoil did not hinder integration but, paradoxically, strengthened it by pushing governments to transfer more authority to the EU level (as cited in Webber, 2014, p. 348). The development of economic policies like the creation of the European Stability Mechanisms (ESM) during the Eurozone crisis act as perfect examples for this. These reforms that the EU developed during the crisis aimed at overcoming the weaknesses of the EMU by reinforcing fiscal surveillance and solidarity among Eurozone members (Jones et al., 2016, p. 1012).

The crisis response under NGEU and earlier during the Eurozone crisis demonstrates how, in the face of a systemic danger, the EU uses federal-style mechanisms such as centralised borrowing, solidarity-based redistribution, and a consistent compliance framework. While these instruments are formally temporary, they lay the stage for potential permanent integration in fiscal policy and demonstrate how crisis politics may facilitate a transition towards a more centralised, integrated model of policy execution.

4.3.2 Security and defence: Intergovernmental and differentiated

Unlike fiscal and regulatory policy, security and defence remains a sensitive area of policy. As such, states have kept it mostly intergovernmental and differentiated within the EU governance framework (Howorth, 2012, p. 433). Despite multiple initiatives to foster deeper cooperation and recent data showing how public opinion throughout the years has been largely in favour of developing a common policy (Figure 4), Member States continue to guard national sovereignty over defence matters, leading to minimal supranational oversight and high levels of opt-out and voluntary participation.

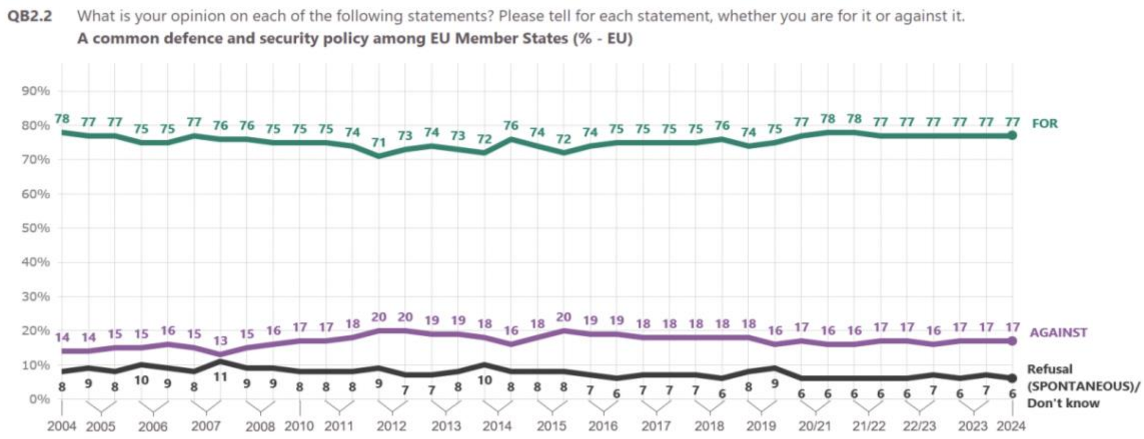

Figure 4: Public opinion in the EU on the development of a common defence and security policy (Eurobarometer, 2024)

As representative example of this is PESCO launched in 2017 as a framework to allow willing Member States to pursue joint defence capabilities, investments, and operational projects. The participation to PESCO remains voluntary, reflecting states' preference for retaining control over military commitments (Council of the European Union, 2025). As Howorth (2019) notes, the failure to establish a true supranational defence identity stem from the enduring reality that defence remains interest-based and defined at the national level, in contrast to values-driven areas of EU policy. Thus, security and defence governance within the EU stands as a clear case of limited integration, governed by differentiation, opt-outs, and soft coordination underscoring the persistent boundaries of sovereignty within the EU's hybrid system.

In conclusion, the coexistence of federalist and networked governance features within the European Union should not be perceived as a synonym of incoherence or institutional indecision, but rather as an adaptive response to the Union's profound internal heterogeneity. Federal tools like the Recovery and Resilience Facility offer uniformity, central oversight, and solidarity in times of crisis, yet risk triggering political resistance and concerns over sovereignty. Instead, networked governance mechanisms such as the decentralized agency networks, bring national flexibility and context-sensitive implementation but often result in fragmented outcomes and weaker enforcement. This tension between integration and responsiveness encapsulates the broader challenge of governing a Union that is neither a full federation nor a loose confederation. Crucially, the EU has not attempted to resolve this tension by favouring one model over the other; instead, it has developed a layered and pragmatic hybrid system that adapts governance tools to the functional and political demands of each policy area. Far from being a transitional arrangement, this strategic hybridity has become a defining feature of the EU's governance architecture.

Chapter 5: Conclusion: Striking the balance between unity and diversity in EU governance

5.1 Summary of key findings

The inspiration for this thesis comes from the concepts of global integration and local responsiveness, usually used in organizational design to analyse the strategy of an MNE. As the conceptual exploration presented in this thesis highlights, applying these concepts to EU governance exposes its foundational governance dilemma. As a matter of fact, The EU is characterised by a persistent tension between the drive for supranational integration and the increasing necessity for national responsiveness in policy implementation.

Given constraints in time and resources, this paper was not designed to deliver an empirical investigation. Instead, it has sought to conceptually map the governance dilemma, drawing from three main conceptual pillars laid out in Chapter 2: multilevel governance (MLG), differentiated integration, and legal pluralism. These theories and concepts developed and refined within the field of EU studies offer valuable insight into the institutional, legal, and political complexity underpinning the EU's implementation landscape.

Multilevel governance describes the vertical dispersion of authority through three distinct levels: supranational, national and subnational, showcasing how implementation in the EU is most often is a result of negotiation rather than a linear command. Differentiated integration provides a structural explanation for the EU's tolerance of opt-outs and flexible participation, whereas legal pluralism captures the coexistence and sometimes conflict between national and EU legal systems.

These conceptual frameworks serve as a point of reflection on the recent developments in EU governance, such as the United Kingdom's withdrawal from the Union (Brexit), the reintroduction of internal borders during the COVID-19 pandemic, the creation of the Next Generation EU recovery mechanism. While not explored empirically, these reference points serve to illustrate the broader governance patterns that the theoretical models seek to describe.

Conceptually, this thesis contributes to a deeper understanding of the EU as a hybrid governance system, addressing the fact that it is neither a state or a traditional international organization. It is impossible to apply to the EU traditional models of governance, in this paper three in particular have been presented: federalism, intergovernmentalism and network governance. The EU clearly possesses a few features of each model, without fully conforming to any of them. It is therefore a struggle to classify the EU. It would be beneficial for future theoretical works on the EU to consider its hybridity not as a weakness to be resolved, but as a condition to acknowledge in order to better conceptualise the polity.

An essential insight that this conceptual exploration underscores is that the EU does not operate according to a solely top-down model of policy implementation. Instead, in order to maintain cohesion across its heterogenous membership, the EU has developed a flexible, negotiated and sometimes ambiguous process. This unique approach might provide resilience in an increasingly politically diverse context, but it does also raise questions on coherence, legitimacy, and long-term sustainability of the Union’s governance framework.

5.2 Critical interpretation of the current model

From a conceptual lens, the EU’s greatest institutional strength might also be its deepest vulnerability: its ability to survive through ambiguity. By using tools such as differentiation and the use of strategic vagueness, the EU has been able to continue its integration project, even under significant political strain. These features are not flaws in the system; they are the system. They represent the political reality of governing a supranational polity made up of sovereign nation-states with different legal traditions, historical trajectories and democratic cultures.

Drawing on the theoretical frameworks discussed throughout this thesis, it can be argued that the continuous reliance on ambiguity and flexibility is bound to bring negative consequences in the long-term. While they allow to avoid deadlock in the short-term, they may lead to institutionalised fragmentation, where policy coherence is severely undermined and the concept of a shared European project becomes increasingly contested. Opt-outs and vague commitments may foster inclusivity, but they also weaken normative clarity and the enforceability of common rules.

This thesis maintains that such dependence on flexibility has led to the development of a form of reactive governance, in which crises and emergencies are addressed but seldom anticipated with institutional foresight. This is quite evident in the EU reaction and management of the eurozone crisis, the migration emergency and the COVID-19 pandemic, which was characterized by institutional improvisation rather than strategic design and anticipation.
This underscores a governance system shaped less by strategic foresight and more by a necessity of political compromise within a multilevel, legally pluralistic system.

While this type of governance has historically worked for the EU and it has allowed it to progress fairly smoothly with integration, it is argued here that it is no longer sustainable in the face of rising internal complexity and external challenges. What is necessary therefore, is not the rejection of flexibility, but its restructuring, anchored inside visible, responsible and long-lasting institutional mechanisms. Rethinking flexibility as a fundamental characteristic of EU governance, rather than a temporary cure. This will guarantee that national diversity is not sacrificed in favour of coherence, solidarity or long-term purpose. Only by recalibrating its policies can the EU effectively rule in an increasingly complicated and contested political scene.

In the view advanced throughout this thesis, it is clear that the EU finds itself at a critical juncture. With the continuous deepening of its integration and the increasing heterogeneity, using flexibility, differentiated commitments and strategic ambiguity to survive will no longer be sufficient to sustain a cohesive and legitimate integration project. The EU needs adopt a governance model that is deliberate, transparent, and structurally aware, capable of reconciling the tension between integration and responsiveness that lies at the heart of this thesis. This does not mean forcing uniformity upon Member States or abandoning responsiveness. Rather, creating a model based on legal clarity, institutional transparency and democratic participation. Only by acknowledging its hybrid nature and designing governance structures that reflect that reality, can the EU move beyond the logic of necessity and into a more intentional, legitimate and resilient future.

5.3 Practical implications for policymakers and directions for future research

The findings of this conceptual exploration may function as a starting point for policymakers to reflect on and start thinking on how to reshape how policy is designed, implemented and monitored in the increasingly diverse European context. In particular, two key recommendations emerge tied to the themes touched upon in this thesis. Firstly, the EU should focus on enhancing structured multilevel coordination. As this text has already highlighted, the concept of multilevel governance has been introduced at the EU, particularly concerning the aim and work of the Committee of Regions. However, it is still very much something that exists more in principle rather than in practice. It would therefore be advisable for the EU to invest in more stable and institutionalised mechanisms that bring together supranational, national, and subnational actors in co-decision and implementation processes. This would lead to a more structured approach to multilevel governance and could represent a key tool to handle the EU's inherent diversity. Secondly, as it is clear that heterogeneity is permanent in the EU, a possible option could be to formalise flexibility, as such differentiated integration and opt-outs would not be ad-hoc responses but embedded in clear, transparent legal frameworks that prevent the erosion of common standards. Making such changes at the EU level would hopefully lead to development of a governance model that is both adaptable and principled that will be better equipped to respond not only to crises, but to the long-term challenges of legitimacy, trust and democratic accountability.

The literature on European integration is already quite vast, however with this conceptual inquiry the aim was to shed light on a paradox that often is neglected or overlooked. The tension between integration and responsiveness is something however that is becoming increasingly relevant in EU politics and therefore should be researched more thoroughly. This conceptual exploration opens several possible avenues for future inquiry. Firstly, comparative studies between the EU and other regional organisations (e.g. MERCOSUR, ASEAN) could help assess whether the EU's model is unique or part of a broader trend in global governance. Secondly, empirical studies should be conducted that evaluate in practice the functioning of differentiated integration both across time and across the different Member States, in particularly its impact on solidarity, legitimacy, and institutional effectiveness. Finally, more attention could be given to the role of subnational and regional actors in EU implementation. As governance becomes more multilevel, these actors will likely gain influence, therefore requiring conceptual tools that capture their role within the broader EU framework.

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