



THE CURRENT

EUROPEAN UNION: FROM ECONOMIC UNION TO POLITICAL UNITY?

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Recent EU developments hint at the emergence of a political union. However, further reforms and the development of other policies are essential to address the current security challenges member states face as well as to ensure the Union's long-term existence.

INTRODUCTION

The European Union (EU) is often referred to as a normative great power or a soft power, influencing behaviors through legislation and trade rather than coercive action.

Throughout the history of the Union, external events have always fostered European integration. One example is the establishment of the European Council in 1974 to ensure political coordination among member states in order to address the oil crisis. The process of integration

to establish an EU internal market has encompassed ever more areas of public policy “[spill over](#),” in time touching the core of member state sovereignty, namely foreign policy, defense, and taxation. With the war in Ukraine, increased hybrid threats, and a drastic change in the foreign policy of one of its oldest traditional allies, the EU is mobilizing its resources in order to address the threats and challenges that it and its member states face.

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Taking into account the Union's political and legal nature and the impacts of external influence on its integration, this article considers how threats to EU security, for example, under the notion of an EU [regional security complex](#), have pushed the Union toward bolstering its preparedness, developing a common response, and ultimately building a new defense union.

In this context, this article describes the EU's identity shift toward a political union in the medium term, arguing that more reforms are necessary to ensure its long-term geopolitical stability. Such reforms would include the EU decision-making process in the field of external actions and investment in other policies.

THE EU IS NOT A STATE

As a sui generis construction, the EU is a dynamic project that depends on the will of its member states. It remains a project of peace, economic integration, and prosperity. It is founded on legal agreements among the member states and on international treaties. As a result, the EU is solidly grounded in the [rule of law](#). The EU Treaties confer [competencies](#) on the Union enabling it to achieve the objectives of its common actions and programs. One paramount objective was to create solidarity among member states, developing regulatory, economic, and social cohesion within the EU in order to foster trade and exchange.

To this end, member states have pooled resources to fund an annual Union budget that must [comply](#) with a seven-year, multi-annual financial framework. It is an investment budget, which complements the actions of member states at the national level and is currently set at [one percent](#) of the EU gross national income.

In order to face the challenges of the pandemic at scale, the EU [borrowed](#) on the capital market and established a temporary recovery instrument, called Next Generation EU, amounting to €806 billion. This is the first significant borrowing on the financial markets undertaken by the Union. The repayment of the principal will start in 2028.

A COMMON THREAT PERCEPTION?

Ensuring a common perception of threats among the 27 member states was challenging until the military aggression against Ukraine in February 2022. According to regional security complex theory, the EU could [represent](#) a regional security complex should its “security problems [be] so closely intertwined that they cannot meaningfully be understood independently of each other.”

In the years leading up to Russia's full-scale invasion of Ukraine in 2022, Eastern European countries such as Poland and the Baltic states consistently warned of Russian aggression and advocated for stronger NATO deterrence. In contrast, Western European states, particularly Germany and France, prioritized economic cooperation with Russia, and Mediterranean member states maintained a deep interest in the Southern neighborhood.

Indeed, multiple security challenges have arisen since the first [European Security Strategy](#) in 2003. This strategy was [updated](#) in 2016 by the Global Strategy for the European Union's Foreign and Security Policy, which underlined the necessity of “shared vision” and an “appropriate level of ambition and strategic autonomy.” After the return of high-intensity conflict on the European continent, the EU [adopted](#) the Strategic Compass for Security and Defence (2022), starting with a shared assessment of its strategic environment and threats.

For the first time, there was a comprehensive threat analysis based on member-state intelligence, with a view to developing a common understanding of these threats. With the volatile security landscape, this document is updated every three years to take into account the evolution of those threats. The analysis highlights the reappearance of power politics with actors following a “strict sovereigntist [approach](#)” based only on their interests and on expansion by the use of force.

Instability and conflict at the EU's borders foster multiple challenges including social unrest, financial instability, international crime, proliferation of arms, terrorism, and hybrid threats. It is assumed that member states can overcome

these challenges better together. However, it is interesting to note that disrespect for international law, the rules-based order, and multilateralism as a peaceful way to solve disputes is not listed among those security challenges and does not seem to be perceived as a threat to the EU's very existence. Although the member states share the global analysis, the threats—and the resources allocated to address them—have not been put in an order of priority.

SECURITY VERSUS LIBERALISM?

In the face of a “post-Western” world, in March 2024, European Commission President Ursula von der Leyen requested that Special Adviser Sauli Niinistö draft a [report](#) on Europe's civil and military preparedness and readiness. This report represents the first time that civilian and military dimensions have been addressed together at the EU level. The report cites the necessity for a shared political will among the EU population and urges member state armies themselves to be open to change. The report underlines that the Union has achieved the objective of creating a lasting peace among its members but, in its external role, its [contribution](#) to peace and security has proved insufficient.

The report introduces an important shift in the EU's focus, underlining that security is now at the core of everything, whereas historically the Union was primarily based on liberalism and trade in order to create an internal market. It clearly indicates that if the EU wants to be a “[fully fledged](#) security actor, it must be prepared to maintain its own vital societal and institutional functions under all circumstances” and that its decision making must operate in all situations. However, the [unanimity requirement](#) for foreign affairs and defense impedes a swift reaction from the EU. These changes in nature and in the current voting system could well mark the EU's decline if not accompanied by appropriate measures to ensure political integration.

Despite the above-mentioned strategies and its [mutual defense clause](#), the EU has not planned for a timely reaction in the case of

armed aggression. Moreover, it lacks the capacity to bring its resources together in a coordinated way to address cross-sectoral and cross-border crises. The report specifies that the EU Treaties provide the necessary legal basis for such preparedness and makes proposals respecting member state competences and responsibilities for national security. It promotes the idea of a Europe of concentric circles or multiple speeds by underlining that initiatives enhancing preparedness could be taken among willing member states. However, in the context of a “shared vision” of common threats, such initiatives should not put at risk the security and existence of the entire EU.

In line with this reflection at the EU level, a number of member states have already taken measures to mobilize their civilian reserves or, in the case of [Belgium](#), [Denmark](#), [France](#), [Finland](#), [Germany](#), and [the Netherlands](#), have published guides for survival in case of crises. The manpower required for high-intensity conflict has pushed other member states to reintroduce conscription.

Following this report, the Commission published a joint communication called the [European Preparedness Union Strategy](#), whose 30 key actions and detailed action plans aim to strengthen civil-military coordination frameworks and joint planning, clarify how to use the [solidarity clause](#), and improve crisis prevention by developing foresight. Establishing such preparedness at the EU level and in all member states would send a clear signal and could be considered an act of deterrence by denial, although many actions will be implemented at best in the next two years.

BUILDING A NEW DEFENSE UNION

Thirty years of underinvestment in European armies during a period of peace in the EU has resulted in member states questioning the use of force as a legitimate tool in their foreign policies, ending conscription, and maintaining armies that are not fully operational without American support.

With the recent [publication](#) of the *Joint White*

Paper for European Defense Readiness 2030, the Commission set the framework to prepare for war following the adage “Si vis pacem, para bellum”—if you want peace, prepare for war. However, the establishment of a defense policy actually began several years ago with initiatives such as the Permanent Structured Cooperation (PESCO), the [European Defence Fund](#), the [Defence Industrial Development Programme](#), and the [European Defence Industry Programme](#). Since 2007, within the European Defence Agency—an intergovernmental organization—member states have a [target](#) (unattained) of 35 percent of total joint procurement in defense equipment.

The recent white paper marks a pivotal moment in efforts to improve member state security and defense capabilities as a way to reduce both inefficient public spending and gaps in the production of defense capabilities. The objectives are to enable the EU to shape its own future and to renew the European project in order to ensure that European citizens live in “security, peace, democracy, and prosperity.” It sets concrete options for collaboration among member states for ammunition, weapons, and military equipment.

The final goal is to build up a credible deterrence in order to ensure peace. However, considering the current context, time is pressing: The framework envisions completion by 2030, whereas intelligence in the public domain [warns](#) of a possible Russian attack by the end of the current decade. In order to achieve this goal, the Commission has proposed the [ReArm Europe/Readiness 2030](#) plan to foster investment and to develop a European market for defense. ReArm Europe, with its particular focus areas, intends to mobilize €800 billion over four years to support increased cooperation among member states for the acquisition of defense capabilities, which occurs by giving preference to the European Defence Technological and Industrial Base (EDTIB).

Security Action for Europe - SAFE

The [Security Action for Europe](#) (SAFE) regulation permits the EU to provide up to €150 billion in loans to member states for joint

procurement involving at least two member states, including Ukraine or a European Economic Area or European Free Trade Association country. The legal basis is [Article 122 TFEU](#), which provides for the European Council to decide on a proposal from the Commission in case of severe “difficulties,” in this case, the brutal deterioration of EU security. In these instances, the European Parliament is merely informed. While member states will always “[retain responsibility for their own troops and deployment](#),” SAFE is designed to reinforce the EDTIB, develop an innovation ecosystem, and address capability shortfalls in support of Ukraine in the short term. In the medium to long term, member states are to pool their efforts in order to ensure appropriate levels of capabilities through “defense projects of common European interest.” The end goal is to strengthen EDTIB by stimulating research and creating an EU-wide market for defence equipment.

The SAFE regulation was adopted by the Council on May 27, 2025, with the abstention of Hungary. On account of the use of Article 122 of the Treaty as the legal basis of the regulation, the Legal Affairs Committee of the Parliament recommended that Parliament launch proceedings before the European Court of Justice. On August 20, Parliament [decided](#) to lodge a complaint against the Council at the European Court of Justice As of August 2025, 15 member states had expressed their interest in using the loans offered under SAFE: Belgium, Bulgaria, the Czech Republic, Denmark, Estonia, Greece, Croatia, Latvia, Lithuania, Hungary, Poland, Portugal, Slovenia, Slovakia and Finland.

Increased National Defense Spending

The second focus area creates fiscal space for member states by activating the national escape clause in a coordinated way for all member states. By providing more financial flexibility in the application of the [Stability and Growth Pact](#), member states will be able to increase their defense budgets.

More Flexible Fiscal Instruments

The ReArm Europe plan represents a potentially massive increase in defense spending but does not address production capabilities. The EU is using its core-shared competence with member states to establish an [internal market](#) to ensure appropriate investment and the development of production capabilities. Other ways to expand defense expenditures across member states would entail voluntarily redirecting cohesion funds to defense spending.

Expanding Lending and the Private Sector

European defense spending would also be expanded as a result of leveraging the financing capacity of the European Investment Bank as well as mobilizing private capital via the Savings and Investments Union.

CHALLENGES REMAIN

The ReArm Plan proposal of the Commission remains within its fields of competence but does not provide fresh money. Agreement has not been reached on many paramount aspects. SAFE loans may not be attractive to member states with borrowing costs that are lower than the EU's. Member states with high debt levels may not wish to contract more debt to fund an increase in defense spending at the risk of triggering higher borrowing costs. Moreover, the proposal allows member states to take on loans for projects that do not entail common procurement in the first year. It may therefore fail to encourage greater coordination. Furthermore, several member states have clearly expressed their disagreement with joint borrowing along the lines of Next Generation EU. Finally, the use of resources from untapped regional development funds would hinder the Union's investment in its internal cohesion.

The [proposal](#) for the next Multiannual Financial Framework 2028-2034 was presented by the Commission on July 16, 2025. It intends to regroup most of its economic priorities under a pillar dedicated to "competitiveness" which includes the European Competitiveness Fund and civil protection programs among others. In the proposal, this fund would represent a

budget of €410 billion divided into four policy areas: green transition, digitalisation, health and defense. The Commission is proposing a budget of €131 billion for defense and space.

CONCLUSION

Russia's behavior as a systemic threat and changes in US foreign policy could well lead to the establishment of a "regional security complex." These recent developments have profoundly changed the nature of the EU project. The EU faces existential security threats that drive deeper integration in defense, industrial policy, and governance, especially for decisions on how to react to a crisis or attack.

EU action has focused on a regulatory framework to foster cooperation among its member states in the defense industry and to provide financial support to them in this process. However, everything depends on a member state's will to cooperate. This multispeed approach represents the risk of some member states taking precedence over the others, which could jeopardize the shared vision and common approach that ensures the general interest. Finally, the proposed financial instruments do not provide real funding, and long-term financial planning is essential.

While these developments hint at the emergence of a political union, further actions are necessary to sustain this unique construction. These actions include adopting swifter rules of decision-making; a larger budget; and investments in policies such as education, cohesion, and development of skills, notably in the field of production of dual-use equipment. Such initiatives would build resilience and enable the EU to respond decisively to the persistent, insidious, and increasing cognitive warfare the Union faces. The current situation threatens not only the member states but also the EU as a political organization. In order to ensure its existence in the long term, the EU should put into practice the maxim of a vice president of the 1907 National Arbitration and Peace Congress held in New York City: "[‘Si vis pacem, para pactum’](#) If you want Peace, agree to keep the Peace." ~ Σ

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