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Introduction: Managing in an emerging multipolar world order

As Russia's unprovoked war of aggression in Ukraine continued into its second year, as an increasingly assertive China made its presence felt, and as the green industrial policy of the Biden administration in the US took effect, it was clear that the ground rules of the global economy were undergoing a profound reset. The EU and its member states continued to move away from an increasingly obsolete fossil-fuel-based economic model towards clean energy technologies and products in pursuit of its ambitious climate and sustainability goals for 2030 and 2050. Accordingly, the EU, inter alia, unveiled plans for its new green industrial policy, prioritising investment in clean technologies and renewable energy sources upon which future economic security and prosperity depends.

Goeconomic fragmentation, if not deglobalisation, appeared to be the direction of travel. For the EU, like the US, this new era indicates a prudent realignment of global trade and investment relations with like-minded allies in the interests of economic security and open strategic autonomy. The new geostrategic priorities are, inter alia, to ensure reliable and resilient supply chains and to reduce dependencies not only on Russia but also on China, not least in critical raw materials vital to the EU's green and digital transition to net-zero.

War in Ukraine

On 2–3 February European Council President Charles Michel and European Commission President Ursula von der Leyen, together with some fifteen commissioners, made a symbolic trip to Kyiv, Ukraine, for official meetings pledging more financial, military and political aid as the EU and its member states continued its support for the beleaguered country. A week later, President Zelenskiy made a return trip to Brussels to attend in person the European Council meeting on 9 February.

In February and in May, the European Commission, acting in conjunction with G7 (Group of seven) partners, unveiled the EU's tenth and eleventh packages of sanctions against Russia. Included were new measures to prevent circumvention of sanctions – so-called 'ghost trade' – whereby Russia receives sanctioned goods via third countries close to its orbit (e.g. Kazakhstan, Armenia, Iran).

In May the Commission proposed an 'Act in Support of Ammunition Production' (ASAP) to be in place by year's end to help produce one million artillery shells and speed up delivery of ammunition to meet Ukraine's and EU member states' needs.

On 26 June the EU agreed to increase the size of the European Peace Facility (EPF) by €3.5 billion to €12 billion in order to finance military aid for Ukraine. The EPF is separate from the EU Budget, which may not finance military operations. This Facility, which was established in 2021, was originally intended to help developing countries to buy military equipment with a view to strengthening international security and stability. With Russia's invasion of Ukraine in February 2022, the EPF was activated for the first time to finance military aid for Ukraine.

Hamas–Israeli war

On 7 October, in a surprise brutal attack on Israel, militant Hamas terrorists killed some 1,200 young music festivalgoers and kidnapped hundreds more. Israel retaliated forcibly with devastating air strikes and ground troops, resulting in the deaths of tens of thousands of Gazans, many of whom were civilians, including women and children. International criticism grew that the Israel Defence Force attack on the Gaza Strip was out of proportion and amounted to collective punishment of Gazans in general instead of singling out Palestinian extremists. As the war continued, fears grew of a regional escalation of the conflict.

In stark contrast to its united response to the Russia–Ukraine war, the EU and its member states struggled to evince a similar show of solidarity in respect of the Hamas–Israeli war, exposing deep divisions between and within member states. A troubling spike in anti-Semitism in some EU countries was reported. President von der Leyen, widely expected to seek a second term as European Commission President, attracted criticism as she lost no time in visiting Israel in person to pledge support. The swift response of von der Leyen, a German national, was seen as lacking balanced judgement. The Commission moved quickly to treble aid to the Gaza Strip. In December the European Council conspicuously failed to back a unified call for a ceasefire in the Hamas–Israeli war given the objections of some member states. The European Council, however, did agree to move forward with sanctions against those entities and individuals financing Hamas.

Enlargement back on the agenda

Political momentum for EU enlargement – long moribund before February 2022 and Russia’s invasion of Ukraine – grew apace throughout the year as it became accepted that this has become a geostrategic imperative for the EU. In November the Commission unveiled its eagerly awaited ‘progress reports’ on the EU hopefuls. In what was a technical ‘*avis*’, or opinion, the Commission recommended the opening of accession negotiations with Ukraine and Moldova while it recommended ‘candidate’ status for Georgia, the EU’s easternmost candidate, contingent on compliance with certain conditions. This last recommendation was made despite serious concerns regarding democratic backsliding in Georgia and its refusal to implement sanctions against Russia, its neighbour. The Commission also recommended the conditional opening of talks with Bosnia and Herzegovina, a candidate state since 2022.

The Commission’s progress reports urged each of the six states of the EU-defined ‘Western Balkans’ to strengthen their commitment to reforms, particularly in respect of rule of law issues, anti-corruption measures and organised crime. The six states, namely Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, are at various stages of the accession process. By way of encouragement, the Commission proposed a €6 billion euro ‘Growth Plan’ for the Western Balkans. The Plan, which comprises loans and grants, offers financial incentives and accelerated integration into

parts of the Single European Market (SEM) in what is likely to be a gradual or staged approach to accession.

Unanimous support of the European Council is necessary to green-light the accession process. On 13 December, in an historic decision, twenty-six of the twenty-seven national leaders largely followed the advice of the Commission and agreed to open membership negotiations with Ukraine and Moldova, while granting candidate status to Georgia subject to compliance with certain conditions. Viktor Orban, Prime Minister of Hungary and a longtime Putin ally, was adamantly opposed to the decision to open accession talks with Ukraine and threatened to exercise his veto, thus confirming his status as an outlier among his counterparts. In the event, in what was a pre-arranged, orchestrated move, Olaf Scholz, Chancellor of Germany, suggested to Orban that he step out of the room to enjoy a solo coffee. Thus, while Orban was literally and figuratively out of the way, the EU26 took the key vote. Such a practical ‘workaround’ is unprecedented in European Council meetings. The move amounted to a form of ‘constructive abstention’, which is more likely to occur in the Foreign Affairs Council in the context of EU Common Foreign and Security Policy.

On his return to the room the following morning, however, Orban did exercise his veto in order to block some €50 billion in funds for Ukraine in a revised Multiannual Financial Framework (MFF) 2021–7. This was a serious blow to EU unity on budgetary matters and also for Ukraine. Charles Michel soon affirmed that, again, the EU26 firmly supported the revised MFF, which includes funds to ensure the financial stability for Ukraine until 2027, NextGenerationEU interest payments and new own resources. It was agreed that discussions would reconvene on 1 February 2024, with a view to securing unanimity among all twenty-seven member states if possible. Failing that, all indications are that the EU26 are prepared to act collectively in an intergovernmental agreement, possibly by creating a new instrument outside the EU budget, in effect bypassing or sidestepping Hungary.

Earlier in December the Commission, despite criticism from MEPs and others, had approved the release of some €10 billion for Hungary in pandemic recovery funds. They had been suspended due to rule of law concerns in the country. A further €21 billion in Cohesion Funding earmarked for Hungary continues to be frozen for the same reason.

The European Council agreed the principle of gradual integration for the candidate countries in the EU as well as the €6 billion growth

plan for the Western Balkans, both proposed by the Commission in early November. National leaders also agreed that enlargement of the EU had to proceed hand in hand with reform of the EU, not least its decision-making procedures, including the use of the national veto in Council.

Ireland and the EU: Fifty years of membership

January marked the fiftieth anniversary of Ireland's membership of the EU, then known as the European Economic Community. Membership of the SEM, participation in the Common Agricultural Policy as well as access to Structural and Cohesion Funding led to a transformation of Irish economic and social life. It has been observed that, '(o)ver the period 1973–2023, Ireland has been a significant net beneficiary from EU funding, with a net positive balance of approximately €40 billion over those 50 years of membership'. In round numbers, Ireland's per capita GDP as a percentage of the EU average grew from 53 per cent in 1973 to 220 per cent by 2022 (Coakley et al., 2023, p. 409).

Institutional developments

On 1 January Sweden took over the rotating presidency of the Council of the EU supported by Trio member states, France and Czechia. In a period dominated by the war in Ukraine, the priorities of the Swedish presidency were to: protect citizens and freedoms; promote a new growth and investment model; promote a climate-neutral, green, fair and social Europe; and promote Europe's interests and values globally.

On 1 July Spain assumed the presidency, supported by Belgium and Hungary. Just hours after his party suffered defeat in regional and local elections held on 28 May, Pedro Sanchez, Spain's socialist Prime Minister, called a snap general election to take place on 23 July. In November, following a controversial agreement with Catalan separatists regarding an amnesty, Sanchez secured another term as prime minister. Spanish priorities for the presidency were to re-industrialise the European economy, make progress towards the green transition, consolidate the social pillar and strengthen EU unity. The aim was to advance open strategic autonomy and strengthen economic security as the pandemic and war in Ukraine highlighted the EU's vulnerability to supply chain shocks. This priority thus included

reducing dependency on other countries for energy (e.g. Russia) and critical raw materials (e.g. China), and strengthening the internal market. Another priority for Spain was progressing the stalled 2020 Migration and Asylum Pact. Spain is a frontline member state on this issue, given the influx of immigrants through the enclaves of Ceuta and Melilla, both next to the border with Morocco.

In September MEPs approved the European Council's decision to increase the number of seats in the European Parliament (EP) from 705 to 720 for the June 2024 elections to reflect demographic changes. France, Spain and the Netherlands are to gain two more seats while nine member states are to gain one more seat, namely: Belgium, Austria, Poland, Slovenia, Slovakia, Finland, Latvia, Ireland and Denmark. Ireland therefore will have fourteen MEPs in the tenth EP, 2024–9. In November an Irish independent electoral commission awarded the additional seat to the Midlands–North-West constituency.

In May Mariya Gabriel resigned from the College of Commissioners in order to lead negotiations for a new coalition government in her native Bulgaria. Illiana Ivanova, a former MEP from 2009 to 2012 and a member of the European Court of Auditors since 2013, replaced Gabriel, who became Bulgaria's Foreign Minister and Deputy Prime Minister. Ivanova was interviewed by President von der Leyen and passed her EP 'grilling', or public hearing, to secure her new position. She is responsible for, *inter alia*, the Commission's implementation of the EU's flagship research programme, Horizon Europe.

On 20 July First Executive Vice-President of the European Commission Frans Timmermans announced he was to leave the Commission in order to contest parliamentary elections in the Netherlands in November. Elections were called after the collapse of the coalition government of veteran Dutch Prime Minister Mark Rutte in early July on an immigration-related issue. Timmermans joined the Commission in 2014, serving first under Jean-Claude Juncker and again under Ursula von der Leyen from 2019, this time with responsibility for piloting through the extensive legislative package underpinning the European Green Deal, the flagship climate programme of the von der Leyen Commission.

In December Nadia Calvino, Spain's finance minister, was confirmed as the next President of the European Investment Bank. A clear majority of member states supported her candidacy. Calvino took up her new post at the Luxembourg-based bank in January 2024.

1 June marked the twenty-fifth anniversary of the European Central Bank (ECB), which is based in Frankfurt, Germany. The ECB's view throughout the year was that interest rates needed to be kept higher for longer in a bid to curb the rate of inflation, which continued to be undesirably high. The ECB's official target for inflation is a symmetrical rate of 2 per cent. While headline inflation eased somewhat over the year, core inflation – i.e. where volatile energy and food prices are excluded – remained 'sticky', i.e. persistent. In December the Governing Council decided to keep key ECB interest rates unchanged.

Croatia

On 1 January the euro became the official currency of Croatia. The south-eastern European country became the eurozone's twentieth member state. As such, Croatia gained a seat on the Governing Council of the ECB. On the same day, Croatia joined Schengen, the passport-free area of the EU. Croatia became a member state in July 2013.

Finland joins NATO with Sweden in the wings

On 4 April Finland officially joined the North Atlantic Treaty Organization (NATO), becoming the Alliance's thirty-first member, as Hungary and Turkey ratified the application, removing the last hurdles to Finland's accession. Sweden's application continued in limbo until July when Turkey's President Erdogan finally withdrew his objections. Hopes were raised that Swedish membership would be ratified by all allies during the course of 2024.

Thirty years of the Single European Market

During its January plenary, the EP celebrated the thirtieth anniversary of the EU's single market, comprising the free movement of goods, services, capital and people. The single market is also based on the principle of free competition providing a 'level playing field' for its member states. The single market, one of the main policy achievements of the EU, comprises some 447 million consumers and 23 million companies. A constantly evolving entity, the SEM has been successful in generating employment and investments. Recent shocks – chiefly the Covid-19 pandemic and the war in Ukraine – have led to

significant challenges, not least rising energy prices and food costs. On 16 March the Commission published a communication flagging ways in which market integration could be further developed and deepened to realise the internal market's as yet untapped potential. In particular, the Commission highlighted the need to address barriers in such sectors as services, capital, energy, digital and data markets.

In June the Unitary EU Patent became operational in all member states except Spain and Croatia. Patents thus involve a much lower application cost, and are valid in all participating member states, with a single specialised court for enforcement issues. In sum, the Unitary EU Patent is considered a great stimulus for innovation in the SEM, the EU's main asset in the world economy, if its international competitiveness is to be maintained and, indeed, improved.

Reform of the Stability & Growth Pact

The EU's fiscal rulebook, the Stability & Growth Pact, was suspended in March 2020 in order to help member states manage the deepest recession Europe has experienced since World War Two. An overhaul of the rules was deemed necessary before being revived in 2024. On 26 April the European Commission duly presented its legislative proposals for the Pact's reform. Intense negotiations among member states then ensued. On 20 December all twenty-seven finance ministers agreed on the new rules. The agreement of the EP is expected in early 2024 before it breaks up for the June 2024 elections.

Under the new rules, all member states, together with the Commission, will develop a medium-term fiscal-structural plan (e.g. four to five years). This may be extended to seven years if the country is committed to growth-enhancing reforms and investments aligned with EU strategic priorities. The reform is designed to permit more gradual and tailored spending cuts for highly indebted member states (i.e. with annual budget deficits above 3 per cent GDP and/or public debt above 60 per cent GDP). The plans will target a reduction in debt guided by a 'debt sustainability analysis' (DSA), or a comprehensive assessment of debt risks, carried out by the European Commission. The DSA approach allows the Commission to take national circumstances and economic needs into consideration when evaluating national fiscal policies. In sum, member states with substantial debt challenges would be required to bring down debts faster than those with more moderate risks.

Towards a digital euro?

On 28 June Mairead McGuinness, European Commissioner for Financial Stability, Financial Security and Capital Markets Union, presented a single currency legislative package comprising two new finance regulations to reflect the realities of the new digital payment age accelerated by the Covid-19 pandemic. The first proposal concerned the legal tender of cash, aiming to safeguard the physical euro as an accepted form of payment in a more digital world. The second proposal sought to enable the ECB to issue a retail digital euro – that is, a digital form of cash to complement, not replace, physical cash. It is for the ECB to determine whether the introduction of a digital euro is worthwhile and feasible.

Like the physical euro, the digital euro could be used anywhere in the eurozone. It would help consumers by facilitating more payment choices. It would also help financial service providers, allowing them to expand existing payment solutions across the single market. Unveiling the proposals, Commissioner McGuinness made the case that a digital euro would help modernise payments in the eurozone and protect consumers' privacy, while those who wished could continue to use physical cash (McGuinness, 2023). For its part, the Eurogroup subsequently expressed support for the eventual introduction of the digital euro, a digital version of cash in an increasingly digital world. A digital euro is seen as the natural evolution of the single currency.

Managing migration

During the 11–12 February European Council, leaders agreed to mobilise without delay substantial EU funds to bolster border protection capabilities and infrastructure, including more cameras, drones and watchtowers. Approved measures stopped short of reducing development aid as well as making trade deals and visa liberalisation with developing countries conditional on the latter taking back failed asylum seekers, as suggested by Italian Prime Minister Giorgia Meloni.

In December the Council and the EP reached a historic agreement to reform the EU's outdated rules on migration and asylum. Five new laws seek to spread the cost and responsibility for hosting asylum seekers across the EU, limit the number of people coming in and make it easier to deport those whose applications for asylum fail. The new

laws cover faster screening of irregular migrants on arrival, procedures for handling asylum applications, rules on determining which EU member state is responsible for dealing with applications and ways to address future crises. In sum, frontline member states facing surges in immigrants are allowed more flexibility on how to handle arrivals in crisis situations and may count on solidarity contributions from other member states, such as relocation of asylum seekers and/or financial help. Human rights organisations such as Amnesty International criticised the new rules, saying they would weaken the rights of asylum seekers and refugees. The definitive version of the agreement is scheduled to be finalised before EP elections in June 2024.

Climate matters

The Emissions Trading System (ETS), or carbon market, is the EU's tool for reducing greenhouse gas (GHG) emissions. Reform of the ETS is part of the 'Fit for 55' package, a set of proposals to revise and update EU climate, energy and transport legislation. A revision was required to contribute to the EU's ambitious climate goals, namely to reduce GHG emissions by 55 per cent by 2030 (compared with 1990 levels) and reach climate neutrality by 2050. In April the Council and then the EP adopted the reform. In due course, emitters of CO₂ for industrial production, flights and marine transport will have to pay a price for the pollution they cause.

On 12 July, during its plenary session in Strasbourg, the EP voted narrowly in favour of a watered-down version of the EU's pioneering Nature Restoration Law (NRL), paving the way for this contentious piece of legislation to proceed towards negotiations with the Council. A key plank of the European Green Deal, NRL was proposed in June 2022. It aims to reverse the dramatic decline of Europe's ecosystems by making mandatory targets for the restoration and rewilding of degraded land and waters, including seas and seashores. It is estimated that more than 80 per cent of Europe's habitats are in poor condition. Citing fears for food security in the EU arising from rolling waves of the Covid-19 pandemic as well as the war in Ukraine, the law faced resistance from the farming community supported by the EP's centre-right European People's Party. The concern was that the law could endanger farmers and fishers' livelihoods and food production and security.

On the other hand, advocates for the law comprised an unlikely coalition of environmentalists, scientists and prominent business

entities. They argued that the NRL was essential to sustainable farming and would enhance, not threaten, food security in the long term. They contended that the law was essential to prevent the collapse of ecosystems and to promote climate change mitigation through carbon capture, and would help safeguard the agricultural sector from increasingly frequent extreme weather events, including floods, droughts and heatwaves. 2023 was later confirmed by scientists as the hottest year on record.

Green Industrial Plan launched

In mid January, at the World Economic Forum in Davos, Switzerland, Commission President von der Leyen announced the EU's *Green Deal Industrial Plan* for the net-zero age. This plan, which, inter alia, will relax further national state subsidy rules, albeit temporarily, aims to make the EU the home of clean energy technologies and industrial innovation.

The plan was in large part a response to the ambitious US Inflation Reduction Act (IRA) adopted by the Biden administration in August 2022. This Act provides some \$369 billion in subsidies and tax credits for clean energy technologies. The IRA, together with the Chips and Science Act (2022) and the Infrastructure, Investment and Jobs Act (2021), signalled a new green industrial policy strategy to rebuild US economic security, strength and resilience. Dubbed 'Bidenomics', the new approach effectively brought to an end pre-existing 'Reaganomics', or trickle-down economics, in order to build up a significant domestic industrial base in green technologies and products. In sum, the aim is to replace deindustrialised areas, or the 'rust belt', with the 'battery belt'. The new change in direction is widely seen as a strategic move to recalibrate trade relations with China, addressing the need for resilient and reliable supply chains, amid growing global geopolitical tensions.

On 1 February the Commission presented its *Green Deal Industrial Plan* to enhance the competitiveness of the EU's net-zero industry and support the speedy transition to climate neutrality by 2050. The plan sought to promote the upscaling of Europe's manufacturing capacity for the clean technologies and products necessary to achieve its ambitious climate targets. The plan is based on four pillars: a simplified regulatory environment (i.e. the proposed Net-Zero Industry Act and the Critical Raw Materials Act); speeding up access to finance; enhancing skills; and open trade for resilient supply chains with friendly, like-minded allies.

The European Commissioner responsible for competitiveness in the EU, Margrethe Vestager, confirmed that the relaxation of national rules on state aid to cover all renewable energy technologies would include an anti-relocation clause in order to maintain production in Europe. At the same time, Vestager was at pains to emphasise that the new framework was to be proportionate, temporary and targeted. The new rules apply until the end of 2025.

Observers and commentators, including Mario Monti, a former European Commissioner for the Internal Market (1995–9) and Competition (1999–2004), sounded the alarm that relaxed rules on state aid could undermine the level playing field of the SEM by fragmenting it. Critics urged greater EU-level measures to promote a true European industrial policy as only the EU acting collectively has the scale necessary to compete on an equal footing with China and the US in the global race for clean tech development leadership.

AI Act

Amid exponential developments worldwide in generative artificial intelligence (AI), in December the EP and Council reached an agreement on the Artificial Intelligence Act, the world's first comprehensive package to regulate AI. The main idea is to regulate AI on the basis of its capacity to cause harm to society: the higher the risk, the stricter the rules. AI systems placed on the EU market must be safe and consistent with fundamental human rights and the EU's core values. The Act is likely to come into effect in 2026.

National elections

Concern within the European Commission at a surge in public support for right-wing political parties on Eurosceptic, anti-immigration platforms ebbed and flowed throughout the year with elections taking place in a number of member states.

In April, elections in Finland saw a shift to the right when the conservative National Coalition Party was only able to form a coalition government with the participation of, *inter alia*, the Finns Party, a right-wing, anti-immigration political party. Petteri Orpo, leader of the centrist National Coalition Party, duly replaced the Social Democrat, Sanna Marin, as Prime Minister of Finland.

The hard-right wave seemed to recede when, in July in Spain, Vox lost electoral support, paving the way for the eventual return in

November of a left-leaning coalition led by Pedro Sanchez. In October, Polish elections saw the nationalist, conservative and Eurosceptic Law and Justice (PiS), in government since 2015, defeated by a broad central-left alliance of three opposition parties, namely the Civic Coalition (led by Donald Tusk, former European Council President, 2014–19), the centre-right Third Way (Trzecia Droga) and the Left (Lewica). There was a record turnout of 74.4 per cent. The new government has established more cordial and constructive relations between Warsaw and Brussels. Tusk committed his coalition government to restoring respect for the rule of law in Poland. In all, some €111 billion (under e.g. the EU Covid-19 recovery fund, Next Generation EU, and the Cohesion Fund) earmarked for Poland had been frozen by the Commission due to rule of law concerns. In order to access the funds, the new liberal coalition government will need to unwind the politicisation of Polish media and judiciary over which PiS presided during its eight-year rule.

In November in the Netherlands, Eurosceptic Geert Wilders and his Freedom Party (PVV) unexpectedly won the largest number of seats, 37 of the 150 seats, in the lower house of the Dutch parliament with over 23 per cent of the vote. A veteran of Dutch politics, Wilders has been a MP since 1998 and founded his party in 2006 on an anti-EU, anti-immigration and anti-Muslim platform. In second place was the Labour–Green–Left alliance led by former First Executive Vice President of the European Commission Frans Timmermans, a social democrat. Timmermans ruled out forming a government with Wilders because of the latter's radical policies and political views. The outgoing conservative-liberal party (VVD) came third. Government formation talks tend to be lengthy in the Netherlands. The last Dutch government, led by former VVD leader and liberal-conservative Mark Rutte, was formed in 2021 after 299 days of negotiations. Rutte, who led the country for thirteen years, duly undertook to remain on as prime minister in a caretaker capacity for the duration of the negotiations.

The Netherlands is seen by many commentators as a bellwether for the rest of Europe and the success of Wilders has heightened concerns in Brussels of a possible surge for Eurosceptic and anti-immigration parties in elections for the EP, due to take place in June 2024. Doubt was cast on the support of a PVV-led government for, *inter alia*, Ukraine's war effort, EU enlargement, the green transition and climate action goals, as well as its approach to the formation of the new European Commission in late 2024. The unanticipated and

dramatic late surge in electoral support for Wilders and his party was driven largely by public disquiet regarding such issues as immigration, housing and the cost of living, concerns which resonate in other member states, including Ireland.

EU–China relations

Throughout the year, the EU and its member states were intent on reviewing trade and investment flows with China, which they regard as being increasingly repressive at home while assertive abroad. This has led the EU to view China less as a trade partner and more as an economic competitor and a systemic rival.

In March the Council and the EP reached a political agreement on the Anti-Coercion Instrument (ACI), a regulation designed to combat potential economic coercion by third countries using trade and investment tools as political weapons. ACI, which came into effect on 27 December, provides a suite of retaliatory measures on a sliding scale. The aim of ACI is to deter and to de-escalate tensions and disputes through dialogue. Intended to be credible enough that it never needs to be used, ACI is likely to be deployed only as a last resort.

ACI was originally intended to counter President Trump's 2018 imposition of steel tariffs against the EU on national security grounds. In the event, it was proposed by the European Commission in December 2021 after a series of confrontations between China and individual EU member states, including Lithuania.

In December an EU–China summit took place in Beijing, where President Xi hosted Commission President von der Leyen and Council President Michel. It was the first in-person meeting in four years between the two blocs as the Chinese leadership sought to step up diplomatic engagement amid an economic downturn in China, a growing number of domestic difficulties, including deflation, as well as concerns about the EU's intention to de-risk its relationship with China. Issues raised by the EU included, *inter alia*, the large bilateral trade deficit in China's favour, the role of some Chinese firms in circumventing EU sanctions imposed on Russia, as well as the need for competition to be fair, a reference to the massive state subsidies benefiting Chinese manufacturers and exporters of electric vehicles. Complicating the EU's efforts to recalibrate trade and investment relations with a view to reducing its dependency on China is the dominant role the latter plays in manufacturing and developing clean energy technologies and products.

EU–UK relations

On 27 February Commission President von der Leyen and the new British Prime Minister, Rishi Sunak, announced agreement on the ‘Windsor Framework’, a reform of the disputed Northern Ireland Protocol. The framework reduced dramatically customs checks on goods traded between Northern Ireland (which remains in the SEM for goods) and Great Britain (which is outside both the EU’s single market and customs union). It introduces ‘green lanes’ for goods destined for Northern Ireland, which are no longer subject to rigorous checks, and ‘red lanes’ for goods which may be destined for the Republic of Ireland (part of the EU) and thus subject to some checks. The framework also provides an emergency measure for the Northern Ireland Assembly to query new EU single market rules – the so-called ‘Stormont lock’. Provisions to ensure a level playing field on state aid were also achieved. The role of the European Court of Justice was also recognised. The Windsor Framework enjoyed overwhelming cross-party support at Westminster. After three years of controversy and rancour, a new chapter in EU–UK relations appeared to have opened, signalling a more pragmatic, constructive and cooperative phase.

In September the UK and the European Commission announced agreement on a deal to enable the UK to become an associate member of Horizon Europe, the EU’s research programme. Agreed by the Council in November, the deal will see the UK participating in the programme from January 2024.

The Trade and Cooperation Agreement, which governs post-Brexit relations between the EU and the UK, is due to be reviewed in December 2025 and every five years thereafter.

In memoriam

On 27 December two prominent figures in the history and development of European integration passed away. Jacques Delors (1925–2023), a French socialist, served as President of the European Commission (1985–95). Delors is most associated with such landmark integration projects as completing the SEM, the creation of Economic and Monetary Union, i.e. the euro, as well as the creation of the widely acclaimed student education programme, Erasmus, and the enlargement of the EU from ten to fifteen member states. Wolfgang Schäuble (1942–2023), a German Christian Democrat, was a towering figure in German and European affairs playing a key role in the

reunification of Germany and European monetary affairs, especially the eurozone crisis, where he was a staunch advocate of fiscal discipline among all eurozone member states, not least in southern Europe, including Greece. Schäuble was the longest-serving member of the Bundestag, Germany's lower house of Parliament (1972–2021).

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