



European Strategic Autonomy: What It Is, Why We Need It, How to Achieve It



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Executive summary

The debate about European strategic autonomy has picked up again. Unpacking the slogan, this paper addresses the meaning, the relevance and the controversies surrounding this concept, pointing out three broad guidelines to pursue autonomy across different policy areas, from defence to investment, technology, climate, energy and migration.

European strategic autonomy is often confused with sovereignty, independence, unilateralism and at times autarky. In truth, the term is rather specific. As the Greek etymology of the word suggests, autonomy means the ability of the self – *autos* – to live by its laws – *nomos*. What autonomy does not entail necessarily is independence, less still unilateralism or autarky. To live by its laws, rules and norms, the European Union, while being prepared to, need not act alone. In fact, in so far as multilateralism is a defining feature of the EU's internal constitution and external identity, its instinct will always be to act with others, beginning with its core partners the United Nations, the United States and NATO, as well as regional organisations. The EU's drive for autonomy has both an internal component, as well as an international, more precisely, a multilateral one. An autonomous EU is able to live by its laws and norms both by protecting these internally and by partnering multilaterally in an international order based upon the rules it has contributed to shaping.

The debate on European strategic autonomy has gained political and policy salience in response to the EU's internal development and to the profound shifts in the international system. Internally, the European project has developed from a single market into an economic and monetary union, with a common area of freedom, security and justice, and a nascent foreign policy. Catalysed by crises, it established a banking union and now holds the promise of a fiscal union. Through this internal development, strategic autonomy became a possibility.

Externally, the profound transformation of the international system has made European strategic autonomy necessary. For most of its existence, the European project developed under the so-called international liberal order, an order made up of international organisations, laws, norms, regimes and practices premised on US power. That world is fast fading. The US remains the

only major power able to project its influence, including militarily, at the global level, but no longer represents the world's undisputed hegemon. Economically, notwithstanding its ongoing financial primacy and entrepreneurial vitality, technological edge and academic excellence, the US now stands on a par with, and could soon be overtaken by China. Politically, the dents in US democracy, notably under the Trump administration, point to a decline of American soft power, as well as a reawakening of isolationist tendencies, or, perhaps more accurately, the US's selective engagement in the world only when its direct interests are at stake. All this suggests that the EU cannot just assume it can rely on the US as it once did. European strategic autonomy in an age of multipolarity or renewed bipolarity is as necessary on the few occasions when the EU and the US diverge as on the many more in which they will converge. While asymmetry will remain a structural feature of transatlantic ties, notably in defence, a revamped transatlantic bond will require greater European responsibility and thus autonomy, first and foremost in the EU's surrounding regions as well as in the major transnational governance challenges of our age, from health and climate to technology and human mobility.

However, European strategic autonomy is contested. A first criticism is that the EU simply cannot become autonomous in the foreseeable future, certainly not in defence where dependence on the US will remain a defining feature. Unpacked, this argument does not hold water. It is a truism to state that the transatlantic defence relationship will continue to be asymmetric and that Europeans will continue to need US involvement in the defence of Europe. However, this does not mean they should not be investing more in European defence, nor that a rebalancing of transatlantic defence ties would be against European or transatlantic interests. If anything the opposite is true.

Two less frequently articulated objections to European strategic autonomy seem more pertinent. The first is the risk that the pursuit of strategic autonomy may facilitate an undue concentration of power within the single market by individual companies or groups of member states. The second is that strategic autonomy may indirectly fuel protectionism. On inspection, both these arguments merit attention. The solutions will inevitably be sector specific and found along the way, but there are three broad guidelines that can shed light on the way ahead.

First, the prerequisite for European strategic autonomy is internal unity, strength and resilience: the EU's global role starts at home. Topping the list is the resilience of our democracies. If the EU is to live by its norms and laws, it must ensure that democratic standards, human rights and rule of law, that constitute the core of the European project, are respected internally. The EU's economic resilience represents the other side of the coin. Research and innovation are key, notably in the areas of defence, technology and energy. Just as important is the need to address intra-European fragmentation. Nowhere is this clearer than in areas such as migration and asylum, where the asymmetric dependence on countries of transit and origin is exacerbated by shortcomings in managing intra-EU interdependences. The problem of fragmentation is present in other policy areas too. In technology, the holes in a common services market and the lack of a single capitals market help explain both why innovation is relatively low in Europe and why, even when innovation begins at home, it often migrates abroad. Fragmentation in the field of defence is the mother of all woes. Across different industries, the EU must reflect on ensuring access to critical technologies. Whereas this does not mean that everything needs to be produced in Europe – it would be unnecessary, protectionist and far too costly –, the EU should boost its strategic comparative advantages in high-added value sectors, from wind turbines or electrolyzers in the energy sector to mobile communications in tech. Hence, rather than loosening EU competition policy as the answer to Europe's global competitiveness, the EU should focus on investment in education and R&D, addressing fragmentation, deepening the single market and promoting ecosystems and value chains in critical sectors. Greater economic strength would in turn promote the international role of the euro.

Second, European strategic autonomy requires greater investment, responsibility and risk taking in surrounding regions. In finding the balance between the security of critical supplies and open markets, regionalism will play a prominent role. Notably, the EU, while featuring close to 450 million citizens, is large but not large enough. Its economic ties with its surrounding regions, beginning with the Western Balkans, Turkey, Eastern Europe, the Mediterranean and the Middle East, but also reaching much of sub-Saharan Africa, will be key ingredients of a future which is both secure and sustainable. The snag is that when it comes to the neighbouring regions, the Union is surrounded by a proverbial "ring of fire". Those fires, which Europeans had

their fair share in stoking, cannot be put out by the EU alone, but neither can they be extinguished without it. European strategic autonomy will require the Union to take greater responsibility and risk in its neighbouring regions. This includes greater economic and political engagement, and a rethinking of how such engagement is pursued. Even more acute is the lack of EU responsibility and above all risk-taking when security comes into play. The EU at times does not have the capabilities, the decision-making mechanisms and the strategic culture to intervene in the way other regional and global players do. This has its downsides, but it also its pluses, given the damage done by several military interventions in the past, notably in the Middle East and North Africa. Far more problematic instead is when the EU does have the capabilities to act, but member states concur in shying away from the risks this would entail. The cases of Libya, Ukraine and the Caucasus stand out in this respect.

Finally, rather than sinking into protectionism and closure, the EU must govern interdependence, rebalancing relations to avoid the exploitation of dependences by partnering multilaterally. Strategic autonomy involves the EU's capacity to shape international norms and practices towards formally accepted institutions, laws and procedures. Doing so in a world in which power politics is on the rise is no small feat, and involves action on two levels. The first relates to engagement with the US and other like-minded liberal democracies to define common parameters for the governance of global public goods, notably those in the fields of human rights, security, digital and migration, where a shared normative basis is essential. This would enable consensus on liberal principles such as reciprocity, non-discrimination and the protection of individual rights. The second level involves an effort by the EU and its partners to widen the net and mainstream these parameters into the discourse and practices of broader multilateral institutions. This is particularly important in those policy areas where "quantity" trumps "quality": in other words, where delivering global public goods requires the participation of the largest possible number of countries even when values are not shared. Climate change, pandemic response and to an extent economic recovery can only be addressed by all players in the international system acting together. While there is no guarantee that multilateral solutions would reflect the EU's preferences, working with like-minded partners would increase the chances of liberal norms asserting themselves notwithstanding the growing normative contestation with systemic rivals within multilateral forums.

Introduction

The debate about European strategic autonomy has picked up again.

First used and agreed by the European Union without much fanfare in 2013, by the fall of 2020, European strategic autonomy had become a contested concept. Epitomising an intellectual and political agenda to navigate a world undergoing profound transformations, it represents a guiding light for a more consequential EU global role, but not one devoid of dilemmas.

Scratching beneath the surface, what does European strategic autonomy mean? Why has it emerged as a prominent theme in the European political and policy debate? Why is it controversial? And how should it be pursued?

1. Chronology of a debate

The term is not new. European strategic autonomy was first used by the December 2013 Foreign Affairs Council of the European Union in reference to security and defence. While not explicitly defined, it was elevated as a broader strategic ambition in the 2016 EU Global Strategy, agreed immediately after the Brexit referendum but when the Union still included 28 member states.¹ A few months later, a loose definition was provided in the EU Implementation Plan on Security and Defence: strategic autonomy is the EU's ability to act in security and defence together with partners when it can, alone when it must.²

As time went by, the concept, originally derived from and applied to the defence domain, filtered into other policy areas and became used interchangeably with the notion of European sovereignty, heralded by French President Emmanuel Macron in 2017 and echoed by former President Jean-Claude Juncker in his 2018 State of the Union address.³ Autonomy should be pursued in security and

¹ European External Action Service (EEAS), *Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy*, June 2016, <https://europa.eu/ITr66qx>.

² Council of the European Union, *Implementation Plan on Security and Defence* (14392/16), 14 November 2016, p. 4, <http://data.consilium.europa.eu/doc/document/ST-14392-2016-INIT/en/pdf>.

³ Jean-Claude Juncker, *State of the Union Address 2018: The Hour of European Sovereignty*, Strasbourg,

defence, but also in the economic, digital, energy, climate and migration fields. This expanded understanding of autonomy was adopted by President Ursula von der Leyen's "geopolitical" Commission in the fall of 2019 and echoed by High Representative Josep Borrell's call to learn how to use the "language of power".⁴ Over the course of the Commission's first year in office, it was pursued in the digital and industrial domains, being presented as a drive for "open strategic autonomy", as put by Executive Vice President of the Commission Margrethe Vestager.

By the fall of 2020 and in the wake of Joe Biden's victory over Donald Trump in the US presidential election of November that year, the defence aspects of strategic autonomy spurred a public spat between French President Macron and German Defence Minister Annegret Kramp-Karrenbauer, in which the latter referred implicitly to the former's "illusions" of strategic autonomy.⁵

2. What is European strategic autonomy?

European strategic autonomy is often conflated with sovereignty, independence, unilateralism and, at times, autarky. Yet, in truth, the term is rather specific in its meaning. As the Greek etymology of the word suggests, autonomy means the ability of the self – *autos* – to live by its laws – *nomos*. Thus autonomy, compared to sovereignty, is a condition rather than a set of attributes, although an entity with the attributes of sovereignty is presumably able to ensure its own autonomy. In other words, autonomy is a prerequisite of sovereignty. However, sovereignty as such is generally the attribute of a state, while nothing suggests that, in pursuing autonomy, the EU either aspires to statehood or believes it to be possible. This said, the autonomy the EU is after is "strategic", suggesting that, in living by its laws, the EU aims to pursue its strategic interests – a notion that resonates with the "geopolitical Commission"

12 September 2018, https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_18_5808.

⁴ European Parliament, *Hearing with High Representative/Vice President-designate Josep Borrell*, 7 October 2019, <https://www.europarl.europa.eu/news/en/press-room/20190926IPR62260>.

⁵ Annegret Kramp-Karrenbauer, "Europe Still Needs America", in *Politico*, 2 November 2020, <https://www.politico.eu/article/europe-still-needs-america>; Emmanuel Macron, *Interview Granted to Le Grand Continent Magazine*, 12 November 2020, <https://www.elysee.fr/en/emmanuel-macron/2020/11/16/interview-granted-to-le-grand-continent-magazine-by-the-french-president-emmanuel-macron>.

or the Union which “speaks the language of power”.

What autonomy does not necessarily entail is independence, and still less unilateralism or autarky. To live by its laws, rules, norms and values, the European Union, while being prepared to act alone, *need not*. In fact, in so far as multilateralism is a defining feature of the EU’s internal constitution and external identity, its instinct will always be to act with others, beginning with its core partners, the United Nations, the United States and NATO, as well as regional organisations like the OSCE, the African Union, ASEAN or MERCOSUR. Even when it comes to actors like China and Russia, which by now the Union explicitly defines as strategic rivals or competitors, and whose actions are at times framed as outright threats, the EU is driven to seek selective engagement in areas of potentially convergent interests.

This suggests that the EU’s drive for autonomy has both an internal and an international component, more precisely, a multilateral one. An autonomous EU is able to live by its laws, rules, norms and values both by protecting these internally and by being a partner to an international order based upon rules it has contributed to shaping. This does not exclude unilateral action, but clearly posits it as second best. Moreover, its international role, be it unilateral, bilateral or multilateral, is intrinsically rules-based. In other words, the EU functions best – or perhaps can only function – in a rules-based multilateral order, in which its liberal values are at least partly embedded.

3. Why has strategic autonomy gained prominence in the European debate?

In this sense, the drive for autonomy is integral to the existence of the European project. The EU was born and has developed over the decades as a rules-based entity, for which the protection of its internal norms as much as the promotion of an international rules-based order is existential. If so, why has the debate on autonomy blossomed only recently?

3.1 The EU in the liberal international order

European strategic autonomy is not merely a theoretical issue. It has emerged in practice and has gained political and policy salience in response to the EU's internal development and the profound shifts in the international system.

Internally, the European project has developed from a single market into an economic and monetary union, with a common area of freedom, security and justice, and a nascent foreign policy. Catalysed by crises, it then established a banking union and now holds the promise of a fiscal union. Thanks to this internal development, strategic autonomy became a possibility. While intrinsically incomplete, in terms of policy – notably foreign – as well as governance, legitimacy and identity, the internal evolution of the Union has made European strategic autonomy possible.

At the same time, the profound transformation of the international system has made European strategic autonomy necessary. For most of its existence, the European project developed under the so-called liberal international order, an order made up of international organisations, laws, norms, regimes and practices premised on US power. The strategic dependence on the US, first and foremost in the defence field, is part of the European genetic code. It was explicitly recognised in the mid-1950s following the botched attempt to create the European Defence Community, which led to the much less ambitious Western European Union. Living in a liberal international order alongside the United States as *primus inter pares* was first confined to the so-called “free world” and then expanded beyond it after the fall of the Iron Curtain. Under the umbrella of US hegemony, Europeans at times complained or disagreed with Washington, but never seriously contemplated acquiring the capabilities, the decision-making structures and the strategic culture to protect themselves autonomously.

Even after the end of the Cold War, their security continued to be guaranteed by the US, directly through NATO's collective defence and indirectly as the “indispensable nation” on which the liberal international order depended. For its part, the EU contributed to that order not only through its existence, but also by exercising its soft power. Particularly after the fall of the Berlin Wall, the

EU did its fair share in the expansion of the liberal international order, from the enlargement to Central and Eastern Europe to its support for regional cooperation and promotion of international norms, institutions and practices on a range of issues, from trade to climate, energy and human rights. Particularly when the US, at the height of its unipolar moment, violated international norms and laws – the US-led war in Iraq being the most infamous example –, the EU, despite its ambiguities, was seen as a guarantor of the liberal international order.

3.2 The advent of multipolarity

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That world is fading fast. The United States remains the only major power able to project its influence, including militarily, at the global level, but no longer represents the undisputed hegemon of the international system. Economically, notwithstanding its ongoing financial primacy as well as entrepreneurial vitality, technological edge and academic excellence, the US now stands on a par with, and could soon be overtaken by China.

Militarily, the US outweighs all other players, even if the deployment of its unmatched assets does not always generate the desired military, still less political, effects. The last war which the US led and unequivocally won both militarily and politically was over Kosovo 22 years ago. Washington has fought many other wars, most of which it won militarily, but (abysmally) lost politically. Other powers, with far fewer military resources, have achieved significant results. Russia, a declining economic power, has not shied away from asserting itself militarily, from Ukraine and Nagorno Karabakh to Syria and Libya. In doing so, it has leveraged its military might politically, punching well above its economic weight. Perhaps most striking is China. Beijing has invested significantly in defence, penetrated the global defence market and flexed its military muscle in East Asia. However, it has not engaged in any major military confrontation yet. Nonetheless, the outcomes of the many wars that have been fought in China's absence during the decades of its economic rise have been, in one way or another, to China's strategic advantage.

Last but not least, the cracks in US democracy, notably under the Trump administration, point to a considerable decline of American soft power, as well

as a reawakening of isolationist tendencies, or, perhaps more accurately, the US's selective engagement in world affairs, that is, only when its direct interests are at stake. The United States can and will continue to be a world leader, but will probably no longer lead from the front, rather from the centre flanked by other liberal democracies. In January 2021, in his inaugural address, President Biden recalled the importance of leading not through the example of US power, but by the power of example. Yet the very emphasis on this notion suggests that the US has a plateful of problems to reconstitute its democratic example at home and thus its credibility abroad.

This does not mean that the alternatives to democracy are more promising worldwide. True, the 21st-century confrontation between liberal democracies and authoritarian, autocratic and, more broadly, illiberal systems will likely be more balanced than the Cold War political confrontation between democratic capitalism and Soviet communism. For one, China's economic rise suggests that we can no longer claim with confidence that economic prosperity and political freedoms can only go hand in hand. Furthermore, the Covid-19 experience suggests that the jury is out on which governance system is perceived as best addressing the pandemic crisis, prompting questions about the management of other global challenges too. There are lights and shadows in both liberal democracies and authoritarian states when it comes to their response to the pandemic. Broadly speaking, this is symptomatic of a 21st-century global contestation that will likely feature political and governance questions more prominently than in the heyday of US hegemony and, for all the appeal that communism may have had in segments of Western European societies, during the Cold War period too.

3.3 A revamped transatlantic relationship

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All this suggests that the EU cannot rely on the US as it once did. This is not only because it would be irresponsible for Europeans to assume that the Trump administration was a historical aberration that is now tucked away in the dark annals of history. The wounds in US democracy are deep, and while President Biden has promised to make the healing of US democracy his first, second and third priority, there may be new demagogues arising in the future. Donald Trump was the first US president who treated the EU as an adversary,

if not an outright enemy, because of its rules-based multilateral identity. He demonstrated this across all policy fields, with trade wars and extra-territorial sanctions being the most egregious examples. However, Europeans cannot safely conclude that he will be the last such president.

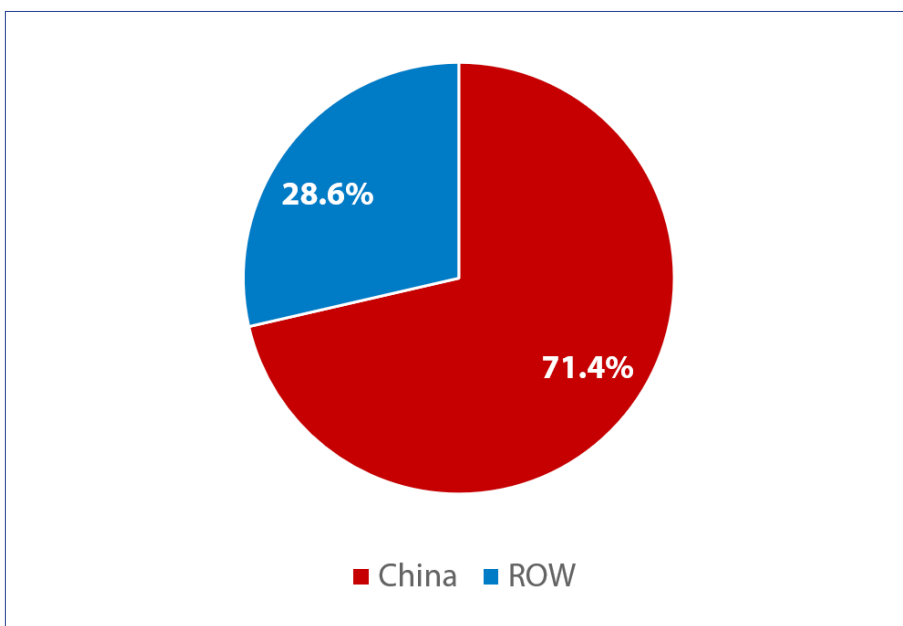
Moreover, even if this were not to happen and the next four years will see a rebirth of US democracy at home and liberal leadership abroad, the structural predicament of the US in the world will not change. Whether the international system is understood as being characterised by a new bipolarity or a more complex multipolarity, the US will be preoccupied principally with itself for some time and will invariably look to Asia as its main area of foreign policy interest. The US foreign policy attention left for the rest of the world will be more limited than in past decades.

This said, Europeans and Biden's America will likely share most foreign policy positions. European autonomy is necessary not because the EU and the US are set to diverge, quite the contrary. To take two prominent cases, the transatlantic agenda will often match on both Russia and China in the coming years. Towards both countries, the European consensus is consolidating, and it is doing so in an increasingly realistic manner. It was only six years ago that, notwithstanding the Russian annexation of Crimea and war in eastern Ukraine, some EU member states cherished the dream of a strategic partnership with Russia. As Moscow ventured into Syria and Libya, interfered in elections across the West, spread fake news from Catalunya and Brexit to the migration crisis, and poisoned its political opponents, it achieved what often eludes member states and EU institutions alike: an EU consensus. The consensus on sanctions against Russia is far less fragile today than it was five or six years ago as a consequence of Russian behaviour. If anything, the debate revolves around strengthening them further.

More recently, European views have hardened on China too. True, Europeans disagree with those Americans who claim that it is possible or even desirable to decouple from the Chinese economy, seeing in interdependence not a silver bullet but the premise of prosperity and a mitigating factor of conflict. The Comprehensive Agreement on Investment with China reached in December 2020 is also driven – for good and ill – by this conviction. However, the European debate on China has evolved in recent years. China is no longer viewed as a

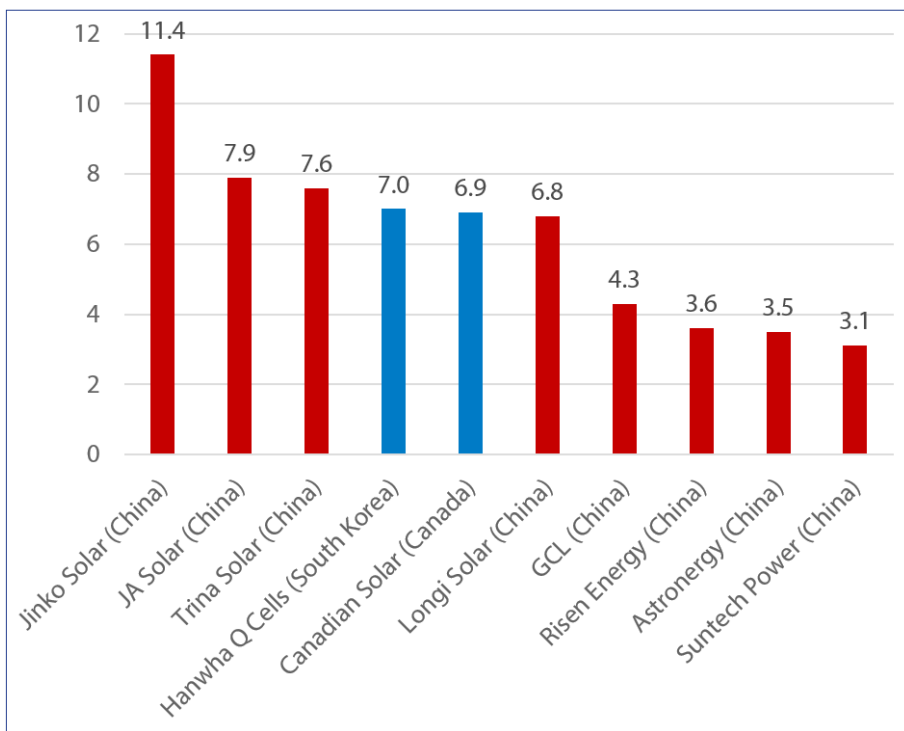
strategic challenge only in East Asia – where most Europeans deep down feel they don't have a dog in the fight – while being a rather benign economic force elsewhere. The strategic edge of China's Belt and Road Initiative and economic statecraft has become evident to Europeans since the mid-2010s; its growing bullishness towards Hong Kong and Taiwan as well as the assertiveness of its "wolf warrior" diplomacy make Europeans shudder; and Beijing's propensity to use technology for repression and propaganda has been an eye-opener for many Europeans, particularly since the outbreak of the pandemic. Today, Europeans are far more cognisant of the security and political risks entailed in China's espionage, forced tech transfers, strategic commercial interactions and asymmetric agreements, and far more willing to agree amongst themselves and with the US on the regulatory and political measures to hedge against these.

Figure 1 | Solar PV manufacturing: market share – China vs ROW, 2018



Sources: Global Wind Energy Council (GWEC), IHS Markit.

Figure 2 | Solar PV manufacturing: top 10 manufacturers in 2018
(millions of kilowatt)



Sources: Global Wind Energy Council (GWEC), IHS Markit.

Notwithstanding this likely convergence, the US and the EU's perspectives particularly on China start from different premises. For the US, it is a story of geopolitical rivalry: the anxiety of relative decline. For Europe, it is an existential question: the fear of China's interference in our norms, laws and ways of life, our loss of autonomy. These different starting points suggest that, while they will often agree, the EU and the US will not always and necessarily be on the same page.

In an age of multipolarity or renewed bipolarity, European strategic autonomy is as necessary when the EU and the US diverge as when they converge. When the US and the EU diverge as in the past four years, European strategic autonomy is crucial to ensure that the Union can protect and promote its

norms, rules and standards both from adversaries like China and Russia and, alas, from partners like the US in its unilateral moments. But even when the EU and the US converge as they will likely do over the next four years, European autonomy will be just as important. In a world in which the US will be mainly preoccupied with itself and the rivalry with China, in addition to shared global challenges in the digital and climate domains, it is only fair to expect Europeans to step up to the plate, particularly in their surrounding regions. A more balanced transatlantic relationship would see a gradual shift from a partnership in which the US defines and implements strategy and at most calls upon Europeans to share the burden, to one in which, within the bounds of an enduring asymmetry, the US and Europeans would define their goals together and share the risks and responsibilities in pursuing them.

3.4 An agenda for European strategic autonomy

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It would be unrealistic to expect the US to solve all Europe's woes to the east or the multiple conflicts in North Africa and the Middle East. And while Europeans too don't have the magic wand to resolve these complex problems, most of which can only be addressed by these regions themselves, geography and history alone suggest that the onus of responsibility and risk ought to lie far more on European than on American shoulders. When transatlantic relations are harmonious, there will be greater coordination and cooperation on these and many other questions. But cooperation and coordination must take different forms from the leadership-followership model that marked the last 70 years of transatlantic relations. While asymmetry will remain a structural feature of transatlantic ties, notably in defence, a revamped transatlantic bond will require greater European responsibility and thus autonomy.

The need for greater European responsibility and risk-taking is felt most acutely in the EU's surrounding regions, particularly because of the structural vacuum left by US disengagement and the EU's unwillingness and inability to fill it. Whether that disengagement took the form of Obama's search for regional balances or Trump's erratic revisionism, with the trend now shifting back towards the former under President Biden, the US is unlikely to reengage deeply in the Western Balkans, Eastern Europe, the Caucasus, North Africa or even the Middle East. US disengagement from the EU's surrounding regions is

indeed structural. In the void, others have stepped in, with Russia and Turkey often acting in synch despite their contrasting agendas, as well as other regional players, from the United Arab Emirates, Saudi Arabia, Egypt, Israel to Iran. In doing so, regional players have, quite understandably, been pursuing their rather than European interests; on the contrary, they have often exploited European vulnerabilities.

In Libya, for example, Russia did not have direct national interests, beyond a general antipathy for political Islam, alongside an interest in making up for lost contracts from the Ghaddafi era. However, by lending military support to Khalifa Haftar's offensive, it gained and is now consolidating a strategic foothold in Sirte and Jufra, which it can – and will – use to leverage relations with Europe and NATO. Russia, like Turkey, Egypt and the UAE, has had a free hand in Libya because the US and the EU have been largely missing in action.

Turkey has done this even more explicitly by exploiting its asymmetric advantages on migration, notably in relation to the Syrian conflict. Ankara has played on European fears, fuelled by the extreme securitisation of migration in Europe. It has done so both voicing legitimate complaints – notably, regarding the EU's failure to live up to its commitments vis-à-vis Turkey – and through blackmail, threatening to pull out of the migration deal and let millions of refugees move on to Europe. The EU has walked on eggshells without irreparable damage so far, but it has been on the back-foot, failing to engineer a more constructive relationship with Turkey that fully embeds its underlying norms and interests.

With regard to migration, asymmetric dependence indeed characterises the EU's relations with many transit and origin countries. Faced with their inability to define a credible common migration policy, Europeans have offloaded the burden to these countries, seeking cooperation on migration control – beginning with readmission – in return for economic largesse and political neglect of human rights abuses. Furthermore, these dependences have often distorted the EU's foreign policy lens. In Libya, for instance, migration management has outweighed the European investment in peace- and state-building, with counterproductive outcomes.

Beyond regional issues, European autonomy is needed now more than ever because of the nature of the major challenges of our age. Challenges in the areas of public health, climate, digital and human mobility are exquisitely transnational in nature. This suggests that size and weight matter: only the EU – not its member states acting disparately – can hope to protect their norms, rules and standards internally while punching their weight internationally. Hence, the need for European strategic autonomy to rise to the challenges posed by a complex multipolar system, not only in areas like security, defence, trade and investment, but also in areas such as digital, health, climate, energy and migration, because of the unprecedented connectivity of our age.

European strategic autonomy is necessary to retain structural power in a multipolar era in which the US is mainly preoccupied with its domestic and foreign policy priorities, in which countries like China and Russia pose threats and challenges, and vacuums in the EU's surrounding regions are being filled by regional and global players in ways that openly contradict European interests as broadly defined by the EU Global Strategy. European strategic autonomy is necessary to enhance institutional power at a time in which multilateral institutions, norms and regimes are weakened just when they are needed most to address the exquisitely transnational challenges of our times. Finally, European strategic autonomy is necessary to wield the productive power to protect and promote the European narrative of rights, openness, democracy and cooperation at a time in which these values are openly questioned and undermined.

4. Unveiling the contradictions behind strategic autonomy

Were it all so clear and uncontroversial, why would European strategic autonomy be contested? There are three fundamental causes for concern. The first, and most commonly heard objection, is deeply embedded in political realism. Once unpacked, it is the weakest counter-argument. The other two objections, informed by liberalism, present much more pertinent cause for reflection, requiring carefully crafted policy responses.

4.1 A dangerous illusion?

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The first criticism of European strategic autonomy, captured by the Macron-Kramp Karrenbauer spat, is that the EU simply cannot become autonomous in the foreseeable future, certainly not in the field of defence where dependence on the US will remain a defining feature. In areas such as territorial defence, let alone nuclear deterrence, any talk about autonomy is a chimaera. Europeans will continue to depend on the US, whose involvement in European security, first and foremost through NATO, is existential. This is all the more true in an age of Russian aggression. In fact, so the argument goes, talking about strategic autonomy is a dangerous illusion that risks pushing Washington away at a time when Europe needs it most.

Once unpacked, this argument does not hold water. It is a truism to state that the transatlantic defence relationship will continue to be asymmetric and that Europeans will continue to need US involvement in the defence of Europe. However, this does not mean that Europeans should not be investing more in European defence, nor that a rebalancing of transatlantic defence ties would be against European or transatlantic interests. Given that European strategic autonomy does not imply that the EU prefers to act alone, there is nothing that suggests that pursuing such an agenda would be to the detriment of NATO or the transatlantic bond. Quite the contrary. That Europeans should do more on defence, beginning with defence spending, has been a US refrain for years and has become a NATO political commitment since the 2014 Wales Summit. It was articulated in rather crude mercantilist terms under the Trump administration. The tone will no doubt change under President Biden, but the substance will not, as the US will continue to press Europeans to take greater risk and responsibility in stabilising their surrounding regions. It is by *not* doing so, rather than the reverse, that Europeans will ignite transatlantic friction. Furthermore, it is true that asymmetry will continue to define the transatlantic defence relationship and thus that “acting alone when necessary” is rarely feasible for Europeans today. However, strategic autonomy is a journey, and the far greater distance to be travelled in this policy area compared to any other is more, rather than less, of a reason to accelerate the pace along the way.

4.2 Internal power concentration and external protectionism?

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There are two less frequent objections, informed by a liberal understanding of the EU, both internally and of its vision of the world: first, the risk that the pursuit of strategic autonomy may facilitate undue concentration of power in the single market by individual companies or groups of states; and second, the risk that strategic autonomy may indirectly fuel protectionism. On inspection, these merit greater attention.

Internally, in all those policy areas where European strategic autonomy requires the development of industrial activity, there could be the risk, so the argument goes, of an undue concentration of power in the hands of some companies, and, in fact, some member states. The proposed Alstom-Siemens merger was informed by the global narrative of Europeans needing to become more competitive in the global arena, given that EU competition policy can no longer concern itself only with the single market, but needs to pay more attention to the rest of the world too. In a world of great powers in which China, for one, has erased in all but name the distinction between state-owned enterprises and private corporations, the EU should, if not subsidise, at least stop preventing the emergence of European champions through the further development of its industrial policy. The Alstom-Siemens case was rejected flat-out by the European Commission due to the internal concentration of power this would have entailed.⁶ The case has now been rested, but the broader dilemma it posed remains very much alive: the debate on the economic effect of European champions goes on between those who emphasise the need to compete in global markets and those highlighting the risk of domestic market failures. In the pursuit of European strategic autonomy, the Union needs to navigate between the Scylla of a liberal single market and the Charybdis of a world of great power rivalry.

In the field of defence, in a post-Brexit environment, France and Germany have significantly deepened their cooperation and have been the political engines,

⁶ It is interesting to note that, out of the 4,680 transactions notified to the Commission under the EU Merger Control Regulation, only 27 were prohibited, with remedies being imposed on 60 mergers. On this see: Mathew Heim and Catarina Midões, “European Champion-Ships: Industrial Champions and Competition Policy”, in *Bruegel Blog*, 26 July 2019, <https://www.bruegel.org/?p=31933>.

together with Italy and Spain, of the permanent structured cooperation (PESCO), while supporting the Commission's drive towards the European Defence Fund (EDF) and encouraging a host of other initiatives in the framework of the EU Global Strategy. The Franco-German duo is clearly a *sine qua non* for European strategic autonomy in the field of defence. But it does raise eyebrows amongst other medium-sized powers such as Italy, Spain or Poland, and leaves smaller member states in fear of being left out in the cold. Furthermore, it is no secret that many EU members of NATO feel uncomfortable with a vision of European strategic autonomy implicitly juxtaposed with the US and NATO. Their discomfort is driven by the belief that European strategic autonomy in defence is both a dangerous illusion and a concentration of intra-European power in a few (French) hands. Furthermore, France maintains an important bilateral defence relationship with the UK, encompassing nuclear deterrence, operational cooperation and industrial and technological initiatives, raising the question of whether European strategic autonomy in security and defence also entails a Europeanisation of the most significant bilateral defence ties.

In the energy field, the EU is pursuing a green industrial policy, for instance through public-private alliances on batteries or hydrogen, aimed at promoting European renewables champions. These, alongside different forms of top-down market creation, work simultaneously towards the goals of de-carbonization and strategic autonomy. However, moving in this direction warrants a second look at antitrust and state aid rules, with the accompanying risks of concentrating European green economic power in a few hands. Likewise, the European Carbon Border Adjustment Mechanism (CBAM), a prime example of European autonomy in the energy field, could hurt some member states disproportionately more than others by disrupting specific value chains.

Internationally, European strategic autonomy risks fuelling protectionism and weakening interdependence, thus paradoxically running counter to the EU's own liberal worldview. It is no coincidence that, cognisant of this risk, Commissioner Vestager outlined the notion of "open strategic autonomy". In areas like defence, the argument is often instrumentalised, notably by the US. There is far greater protectionism imbued in the Buy American Act than in the wildest dreams of the architects of the EDF or PESCO. Furthermore, with balanced regulations for third-party participation in these defence initiatives, concerns about EU protectionism in defence ring hollow. However, the issue

remains very much alive in other policy sectors.

In trade and investment, after seven years of negotiations, the Comprehensive Agreement on Investment (CAI) between the EU and China was formally reached in December 2020 on the grounds of Beijing's concessions on levelling the playing field, market access, limits to forced technology transfers and, in principle, labour standards, although the agreement is rather vague on the latter. Parts of the agreement are now publicly available, with a notable exception: the full list of new sectors to which European enterprises would have access. Many details remain to be negotiated, and the agreement will have to overcome several hurdles before eventually being finalised in 2022. Furthermore, the Union has already tightened its screws on anti-dumping and investment screening, as well as declared the intention, through a white paper published in June 2020, to regulate the action of state-subsidised enterprises. These measures, as well as CAI itself, point to a growing EU determination to achieve greater parity in the opening of respective markets. In an ideal world, parity is obtained by ensuring greater Chinese openness. However, in a sub-optimal world, if China continues to practice protectionism and unfair trade, the EU will become increasingly inclined to retaliate, accentuating the broader spiral of trade protectionism.

The same argument, in much blander terms, can be made for other global players, including the US, where the Biden administration has already manifested caution when it comes to free trade. In other words, for all the EU's good intentions, to the extent that trade protectionism will persist worldwide, it will inevitably narrow the space in which the pursuit of European economic autonomy does not lapse into protectionism.

Another key area where the risk of protectionism is evident is climate, in particular the drive to establish a Carbon Border Adjustment Mechanism. A European CBAM will need to overcome key obstacles that revolve around the risk of protectionism. To begin with, the CBAM will have to be WTO-compliant. It will need to measure and account for embedded carbon, without either penalising top performers or being discriminatory. Furthermore, the EU will have to prevent and be prepared for retaliation, as well as avoiding resource shuffling and the severing of value chains. In other words, the CBAM is key in the pursuit of European strategic autonomy, but precisely because of this, it

will have to be carefully crafted so as to escape the trap of protectionism.

Finally, in the area of asylum and migration, the EU has directed all efforts at minimising the number of migrants and asylum seekers irregularly reaching its shores: it has opted for closure. However, rather than reducing dependence on third countries, this approach has inevitably exacerbated it. The way out of this conundrum cannot be further closure, as this is precisely what breeds the dependence that has been exploited to the EU's disadvantage so far. Pursuing European strategic autonomy whilst not falling into the trap of protectionism requires the careful governing of internal and external interdependences alike.

5. How can European strategic autonomy be pursued?

The pursuit of European strategic autonomy is both possible and necessary. In the long term, the profound transformation in the international system will make this goal imperative. However, there are real dilemmas to be resolved. The solutions will inevitably be sector-specific and be found along the way. But there are three broad guidelines that can shed light on the way forward.

5.1 European strategic autonomy starts at home

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First, the prerequisite for European strategic autonomy is internal unity, cohesion, strength and resilience: the EU's global role starts at home. In this respect, 2020 was a milestone year. It could have represented a point of no return for the integration project had European leaders not risen to the challenge of the pandemic. The Union, after muddling through the Eurozone crisis and failing abysmally in the so-called migration crisis, couldn't have afforded a third flop. A botched European response to Covid-19 could have been a crisis too many for the European project to sustain. We are still navigating the crisis, struggling with vaccine distribution and only at the beginning of the adventure of NextGenerationEU. However, EU institutions and member states alike understand that they will exit the crisis only together. The opportunity is clear: through its response to the pandemic, the EU can kick-start a new phase

in the integration process, it can financially substantiate its green and digital agendas that will absorb over half of the EU budget, and by doing so, it can provide the European project with a new narrative that strikes chords both amongst the European public and the wider world.

All this amounts to a promising start, but translating it into European strategic autonomy will require much more. Topping the list is the resilience of our democracies. If the EU is to live by its norms and laws, it is crystal clear that it must ensure that democratic standards, human rights and the rule of law, that constitute the core of the European project, are respected internally. The last dramatic days of the Trump presidency revealed the tip of the iceberg of the structural fragilities embedded within the world's greatest liberal democracy. These fragilities, however, are not unique to the US, but affect, to different degrees, all liberal democracies, starting with Europe. This is why ensuring a functioning rule of law mechanism within the Union is so essential for the survival, sustainability and eventually autonomy of the EU.

The tide of nationalist populism in the EU may have temporarily subsided, but it would be naïve to believe that it is over, particularly in light of the growing socio-economic inequalities triggered by the pandemic and the political grievances these promise to generate. Addressing these by delivering public goods equitably, enhancing channels for political participation and establishing and implementing institutional incentives for the respect for the rule of law are all necessary ingredients to build European democratic resilience, the necessary starting point for European strategic autonomy. Only if strengthened from within, liberal democracies will withstand threats, be it in the form of disinformation, strategic investments, or other forms of hybrid destabilisation, as well as having the credibility to promote their norms in the wider world.

Democratic resilience as well as political unity are essential to the pursuit of European strategic autonomy particularly in areas such as migration and asylum. The weakening of liberal norms within the EU coupled with divisions between member states over a fair distribution of responsibilities impede an effective asylum system, limit the scope and sustainability of resettlement and humanitarian admission schemes, undermine the functioning of Schengen and risk watering down European asylum norms in the effort to sustain cooperation

with third countries. Furthermore, it also entails a disconnect between legal labour migration policies and the logic of the single market.⁷ In other words, the lack of coordination on labour migration between member states stands at odds with the single market and exacerbates the EU's comparative disadvantage in attracting talent, as the magnets remain individual member states rather than the EU as a whole. The costs this generates were revealed starkly during the pandemic, when the role played by migrant workers in strategic sectors such as care, agriculture, food processing and logistics stood out. This should trigger a rethink of the definition of “key workers”, the talents the EU needs to attract and the objectives that guide migration policy beyond the single-handed focus on preventing spontaneous arrivals.

Strengthening the EU's economic resilience represents the other side of the coin. Research and innovation are key in this respect. The need is most acutely felt in technology, given the glaring gap separating the EU from the US and China. In the EU, the ICT sector amounts to 1.7 per cent of aggregate GDP, as against 2.1 per cent in China and 3.3 per cent in the US. Since 2000, the EU has produced only 17 per cent of the tech firms worldwide, compared to 35 per cent in Asia and 48 per cent in the US.⁸ R&D goes far in explaining the gap. Over the last decade, China has increased its share of GDP devoted to R&D by 0.7 per cent, while the EU by a mere 0.31 per cent.⁹ Since 2011, only 13 per cent of the newcomers in the top R&D spenders have been European, while 25 per cent are Chinese and 37 per cent American.¹⁰ As a further indication of the R&D gap in the tech sector, while 48 per cent of US investments are in intangibles, widely acknowledged as drivers of the digital economy, that figure is 36 per cent in Europe.¹¹ European R&D tends to focus more on traditional segments such as automotive, petrochemicals and pharmaceuticals, while underperforming in high-tech.

⁷ European Commission, *A New Pact on Migration and Asylum* (COM/2020/609), 23 September 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0609>.

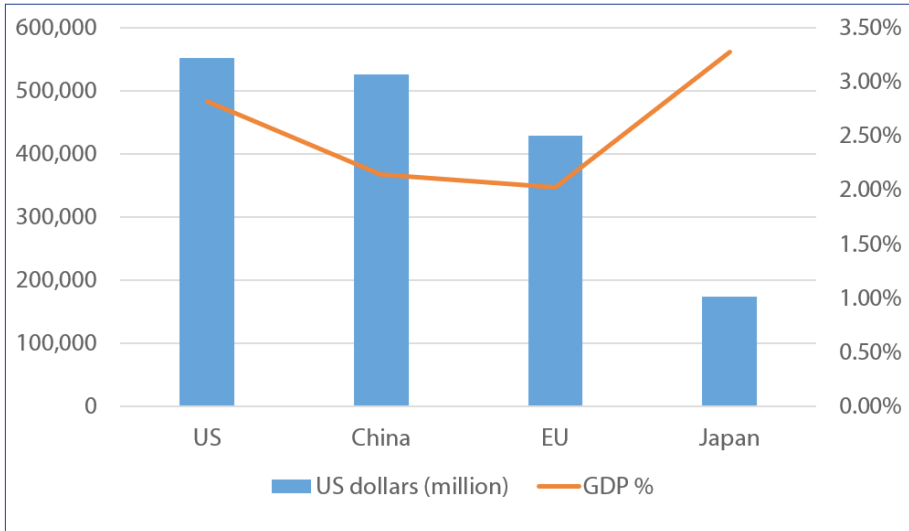
⁸ John Detrixhe, “Why Can’t Europe Create Tech Giants Like the US and China?”, in *Quartz*, 5 July 2018, <https://qz.com/1320983>.

⁹ Jacques Bughin et al., “Notes from the AI Frontier: Tackling Europe’s Gap in Digital and AI”, in *McKinsey Global Institute Discussion Papers*, February 2019, <https://www.mckinsey.com/featured-insights/artificial-intelligence/tackling-europes-gap-in-digital-and-ai>.

¹⁰ European Investment Bank (EIB), *Investment Report 2018/2019. Retooling Europe’s Economy*, Luxembourg, EIB, 2018, p. 10, <https://doi.org/10.2867/9501>.

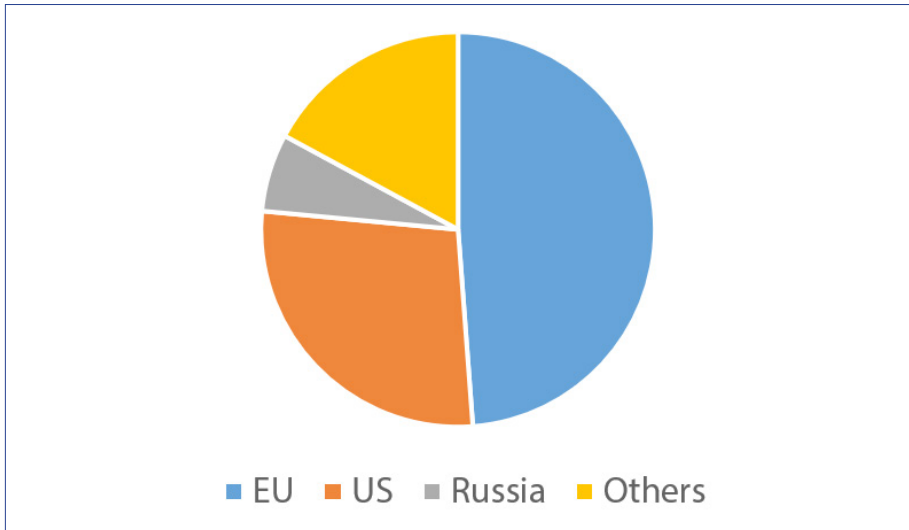
¹¹ *Ibid.*, p. 127.

Figure 3 | Gross domestic spending on R&D (million US dollars) and as a percentage of GDP in 2018



Source: Nicola Bilotta's elaboration from OECD data:
Gross Domestic Spending on R&D (indicator), <https://doi.org/10.1787/d8b068b4-en>.

Figure 4 | Number of regulation proposals for tech industries, June-January 2019



Source: Nicola Bilotta's elaboration from: Madhumita Murgia, "Europe 'a Global Trendsetter on Tech Regulation'", in *Financial Times*, 29 October 2019, <https://on.ft.com/32Y821P>.

The defence sector also suffers from the European (mis)management of R&D, procurement and industrial policy. Here, the problem is both about quantity and quality. On quality, European defence spending, heavily allocated to the running costs of 27 armies, has typically underperformed in R&D. Member states have fallen short of their NATO and PESCO commitments to spend 20 per cent of their defence budgets on major equipment, including related R&D.¹² On top, fragmentation and the unnecessary duplication of procured equipment generate huge inefficiencies. On quantity, member states remain well below their 2 per cent defence spending target, stated in black-and-white in NATO,¹³ but echoed, albeit more tentatively, in PESCO too.¹⁴ Particularly lamentable in this respect was the fact that the EDF, which could have catalysed a significant uptick in collaborative defence spending, took a beating in the final agreement reached by member states. In fact, while the overall pie of the European budget was significantly increased in light of the pandemic, the amounts earmarked for defence were halved. While the Commission's initial proposal indicated a 13 billion-euro EDF, that figure shrank to 7 billion euro in the final agreement. In other words, the EDF represents the seed of a new beginning, but only a small first step for the EU in developing, acquiring and retaining the capabilities required for strategic autonomy in defence.

Just as important as funding is the need to address intra-European fragmentation and the absence of common governance and policies. In security and defence, fragmentation is the mother of all European troubles. Key in this respect is ensuring coherence and coordination between the EU and national actors. A core group of member states that bring their major capability development programmes together in PESCO, smooth coordination within the PESCO Secretariat, the prioritisation of projects that fit the requirements of the Capability Development Plan and the Coordinated Annual Review of Defence, the full implementation of the 2009 directives on defence procurement and

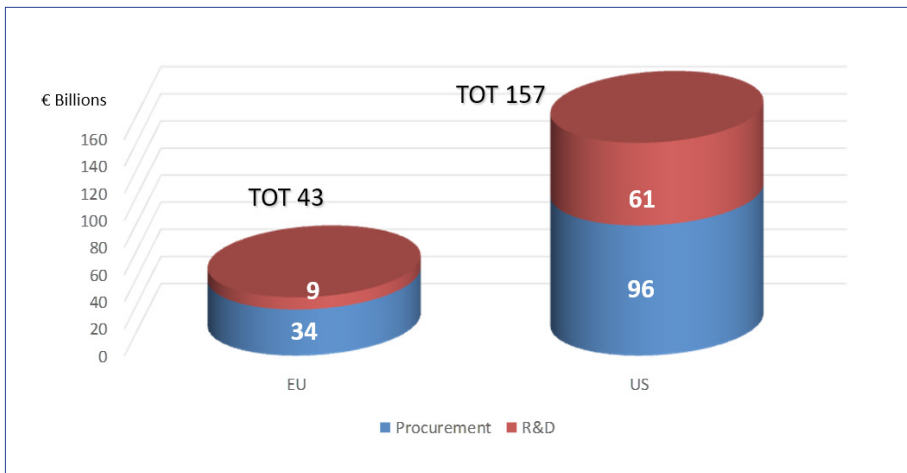
¹² NATO, *Wales Summit Declaration*, Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Wales, 5 September 2014, https://www.nato.int/cps/en/natohq/official_texts_112964.htm.

¹³ Ibid.

¹⁴ *Notification on Permanent Structured Cooperation (PeSCo) to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy*, 13 November 2017. Annex to Council of the European Union, *Council Decision (CFSP) 2017/2315 of 11 December 2017 Establishing Permanent Structured Cooperation (PESCO) and Determining the List of Participating Member States*, OJ L 331, 14.12.2017, <https://eur-lex.europa.eu/eli/dec/2017/2315/oj>.

intra-community transfers, and the development of a European space policy through Copernicus, Galileo and GovSatCom are all ingredients of the long yet necessary journey towards European strategic autonomy in security and defence. All this does not equate to common European security and defence decisions, let alone actions, but is prerequisite for these.

Figure 5 | EU and US defence spending on procurement and R&D, 2016
(billion euro)



In technology, the holes in the common services market and the lack of a single capital market help explain both why innovation is relatively low in Europe and why, even when innovation begins at home, it often migrates abroad. The Digital Markets Act (DMA), along with the Digital Services Act (DSA), is the first comprehensive EU Internet legislation aiming at mitigating the market power of online platforms and increasing competition in the digital market. In light of the limits of traditional EU competition policy in dealing with anti-competitive practices in the digital market, the EU is seeking to establish a more effective regulatory framework through the identification of large gatekeeper platforms and a series of ex-ante obligations that companies will have to comply with. It is widely recognised that the first-mover advantage in establishing rules and standards can provide an edge in shaping the global digital economy, setting international standards through spillover effects. However, the implementation of the DMA and DSA will not be easy. An equilibrium will have to be found between reducing the negative effects of concentrated markets

and the benefits that large platforms can provide to users and businesses. Moreover, while representing a positive step towards a more transparent and open digital market, the DMA and the DSA will be insufficient to foster technological developments in the EU. Improving the enabling environment does not automatically result in new corporate investments in innovation. If other barriers are not addressed – such as access to capital – the EU domestic market will not stem Europe’s relative decline in the race for innovation.

Investment in innovation alongside addressing intra-European fragmentation is crucial when it comes to critical technologies across different industries. EU strategic autonomy does not mean that everything has to be produced in Europe: not only is this unnecessary but it would also be too costly. It would be unwise for the EU to try to outcompete China in labour-intensive manufactured goods such as solar panels, for instance. The EU will also struggle to close the gap with both China and the US in areas where it lags significantly behind such as artificial intelligence, quantum computing or big data. By contrast, boosting existing EU comparative advantages in high added-value sectors would make more strategic sense, from wind turbines or electrolyzers in the energy sector to mobile communications in tech.

Figure 6 | Wind turbine manufacturing: market share (2018 est.)

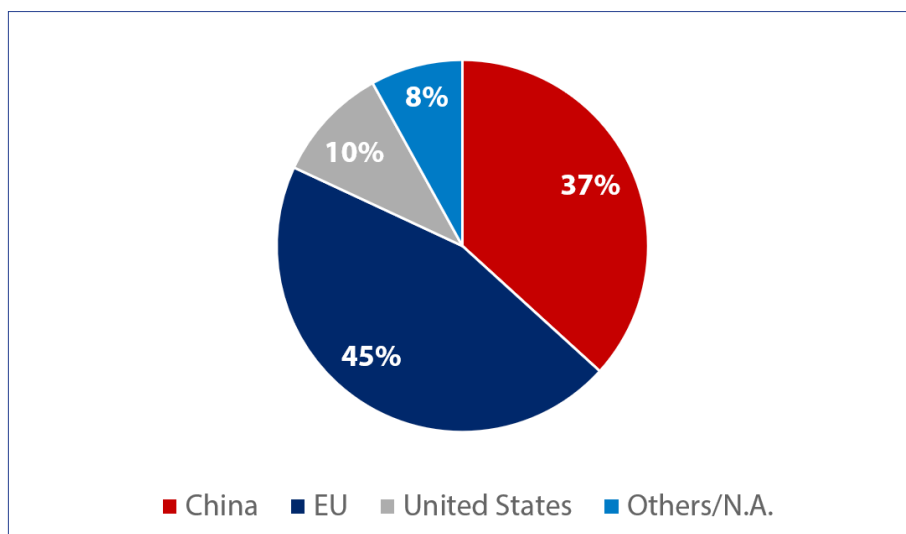
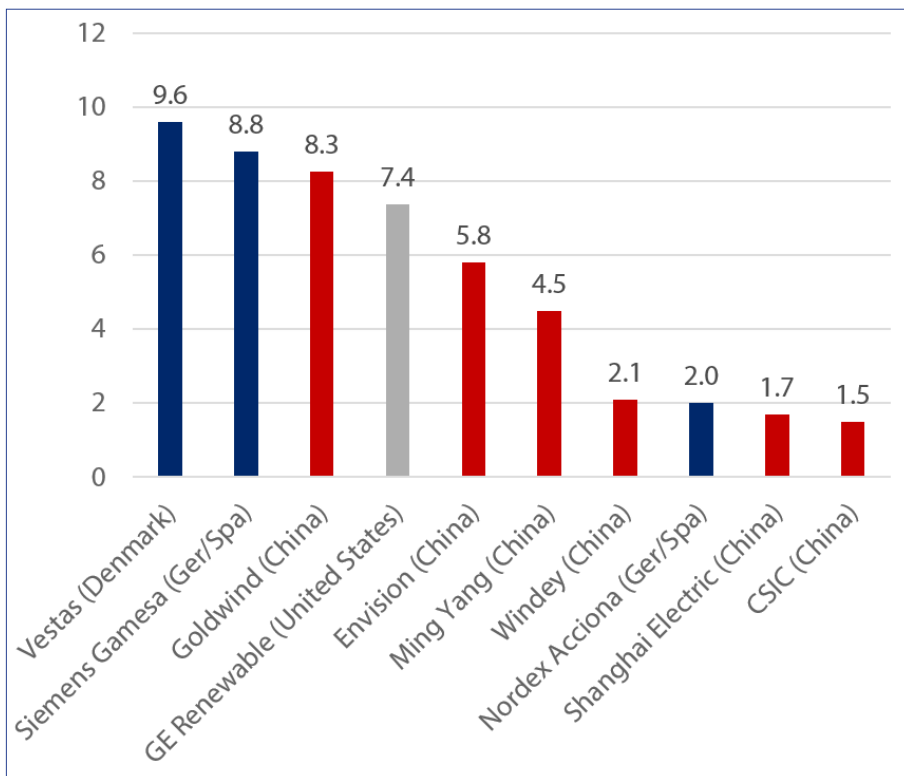


Figure 7 | Wind turbine manufacturing: top 10 manufacturers in 2019 (gigawatts)

Sources: Global Wind Energy Council (GWEC), Bloomberg New Energy Finance (BNEF).

At the same time, the EU must address the problem of dilution of first-mover advantages, that is, of critical technologies migrating abroad. It will need to do so in subtler ways than simply banning high-tech exports, lest this generate unsustainably higher costs that would hamper both the high-tech and energy transitions. What is necessary is a governance mechanism to ensure that either critical supplies are available or that the know-how to produce them exists in the Union. More specifically, the EU should define its key strategic activities with a 360-degree approach to global security, thus no longer limited to the aerospace, security and defence sectors, but spanning across all industrial domains, including digital and energy. In this respect the decision to establish

an observatory for critical supplies is highly welcome.¹⁵ Assisted by the Joint Research Centre, such observatory would ideally map the European technological landscape and thus the critical capacities the EU possesses and should maintain, as well as those which it lacks and must develop. On this basis, the Union would also be able to make informed decisions concerning technological transfers and delocalisation.

In brief, as the answer to Europe's global competitiveness, rather than a looser competition policy, which would have real economic as well as political costs, the EU should focus on investment in education and R&D, notably targeted to high innovation, as well as addressing fragmentation, deepening the single market and promoting ecosystems and value chains, especially in critical sectors.¹⁶

In turn, greater economic strength, featuring investment in innovation and deeper economic and financial integration will promote the international role of the Euro. In the debate on the Euro's international role, spurred by the tragic realisation of the EU's exposure to extra-territorial US sanctions, the Union cobbled together INSTEX, a barter system designed to facilitate trade with third countries, notably Iran. However worthy the intentions, this special purpose vehicle failed to deliver on its stated intent of allowing Europeans to abide by international and European law – in compliance with the Iran nuclear deal – by circumventing US secondary sanctions. Efforts of the like can and should be pursued. But the Euro's international role can only be premised on the Eurozone's economic strength. It is noteworthy that in 2007, 40 per cent of the financing debt issued worldwide was denominated in euros, halving to 20 per cent after the sovereign debt crisis. In other words, while specific measures can bolster the single currency's international role, such as finalising the Banking Union and the Capital Market Union, the prerequisites for a strong Euro in the world is a strong EU, featuring innovation and integration.

¹⁵ European Commission, *Action Plan on Synergies Between Civil, Defence and Space Industries* (COM/2021/70), 22 February 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021DC0070>.

¹⁶ Georgios Petropoulos and Guntram B. Wolff, "What Can the EU do to Keep Its Firm Globally Relevant?", in *Bruegel Blog*, 15 February 2019, <https://www.bruegel.org/?p=29399>.

5.2 Investment, risk and responsibility in the EU's surrounding regions

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The Covid-19 pandemic questioned globalisation at its core. While the pre-pandemic critics of globalisation had focused on the excesses and inequalities generated by the morphing of liberalism into neo-liberalism and hyper-liberalism,¹⁷ the pandemic also exposed the security risks entailed by unchecked globalisation. Having championed free trade even when the tide had turned, the EU was dramatically exposed when the health crisis hit, lacking the capacity to produce the most basic goods such as protective masks. While this spurred a debate about the re-shoring of critical industries, the truth is that re-shoring and de-globalisation would entail unsustainably high costs, as well as undermining those interdependences that generate prosperity and reciprocal interests for cooperation, thus mitigating conflict.

In finding the balance between securing the provision of critical supplies and open markets, regionalism will play a prominent role. Notably, the EU, while being home to almost 450 million citizens, is large – but not large enough. Its economic ties with its surrounding regions, beginning with the Western Balkans, Turkey, Eastern Europe, the Mediterranean and the Middle East, but also reaching large swathes of sub-Saharan Africa, will be key ingredients of a future that is both secure and sustainable. One only need think of how, in the pursuit of net zero emissions, the EU is factoring in developing relations with North Africa and Ukraine, for instance through the 2x40 GW initiative within its hydrogen strategy.

The snag is that, when it comes to the neighbouring regions, the Union is surrounded by a proverbial “ring of fire”. As discussed above, those fires, which Europeans had their fair share in stoking, now cannot be put out by the EU alone, but neither can they be extinguished without it. For sure, the Union should not assume that others – read: the US – will do the heavy lifting on its behalf. As mentioned, European strategic autonomy will require the Union to take greater responsibility and risk in its neighbouring regions.

¹⁷ John Grey, “The Problem of Hyper-Liberalism”, in *The Times Literary Supplement*, No. 6000 (30 March 2018), <https://www.the-tls.co.uk/?p=110437>.

This includes greater economic and political engagement, and a rethinking of how such engagement is pursued. It is lamentable that whereas the original pre-pandemic Commission proposal had earmarked 118 billion euro to the neighbourhood and the world, the final agreement saw the amount devoted to these instruments drop to 98 billion euro, palling in comparison with the 1.7 trillion overall budget. It is not just a matter of quantity, but of quality, thus the need to ensure that EU development, migration and trade policies, as well as political and security cooperation, are more in keeping with human rights and the rule of law, as well as more consistent with regional needs to address economic, social and political fragilities.

The urgency to increase and improve the quantity and quality of EU engagement is evident, for example, in the Western Balkans. The latter increasingly looks like an enclave of economic hardship, social tensions and unsettled conflicts in the midst of Europe. Despite the declared goals of the enlargement policy, EU-Western Balkan relations are not on a path of economic convergence and Europeanisation. On the contrary, the current economic and political systems in the region favour the rise and persistence in power of charismatic strongmen, better known as “stabilocracy”. In fact, governance in the Western Balkans draws increasingly more on the Chinese and Russian models of authoritarian capitalism, based on predatory state behaviour, state capture and corruption, than the EU *acquis communautaire*.¹⁸ The pandemic has exacerbated this trend, further highlighting the shortcomings of EU policy towards the Western Balkans, as well as the latter’s economic and political divergence from EU standards.

Even more acute is the lack of EU responsibility and, above all, risk-taking when security and defence come into play. In the EU’s surrounding regions, at times, the EU does not have the capabilities and certainly not the decision-making mechanisms and the strategic culture to intervene in the way other regional and global players do. This has downsides, but also upsides, given the damage done by several military interventions in the past, notably in the Middle East and North Africa. Far more problematic is when the EU does have the capabilities to act, but member states are unwilling to incur the risks this would entail.

¹⁸ Branko Milanović, *Capitalism, Alone. The Future of the System That Rules the World*, Cambridge/London, The Belknap Press of Harvard University Press, 2019, p. 207-211.

Libya is a case in point. Here, Europeans could play a far more prominent role in designing demilitarisation protocols, building shared security institutions, integrating and demobilising militias and monitoring the implementation of reforms, but collectively shy away from their responsibility, while engaging in fruitless competition with one another.¹⁹ Standing up to their own responsibility in a volatile and highly insecure environment inevitably entails preparedness to take risk. It is this, rather than just capabilities, that Europeans collectively lack.

Eastern Europe and the Caucasus provide plenty more examples. The EU as such is absent from the Normandy Format on Ukraine or the Minsk Group on Nagorno Karabakh. In both cases, some member states are present – France and Germany in the former and France in the latter – but the EU is not. This generates two types of problems. On the one hand, it deprives these formats of the collective weight the EU as a whole can bring. Especially conspicuous was the dwindling European influence in the Nagorno Karabakh conflict in the context of its second war in autumn 2020. On the other hand, the existence of contact groups unanchored to the broader EU setting generates frustrations and unnecessarily amplifies divisions between member states. Obviously, in order to “earn” a seat at the table, the EU would need to engage far more across all policy areas, from diplomacy to security and economic cooperation.

5.3 Rebalancing interdependence, partnering and multilateralism

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Finally, rather than sinking into protectionism and closure, the EU must govern interdependence, rebalancing relations to avoid the exploitation of dependences, partnering and working multilaterally.

In the field of migration and asylum, this requires developing balanced and comprehensive partnerships with countries of origin and transit, based on sustainable “social contracts” between the EU and third countries. Cooperation on the governance of migration and asylum requires political will and the

¹⁹ Tarek Megerisi, “Spoiler Alert: How Europe Can Save Diplomacy in Libya”, in *ECFR Policy Briefs*, 22 January 2021, <https://ecfr.eu/?p=66494>.

concrete capability to offer multifaceted partnerships, featuring trade, debt relief, aid and labour migration, as well as cooperation in fields like security, energy and climate. It also requires the realisation that whereas migration may be the EU's priority in partnering with countries of transit or origin, it rarely (if ever) is theirs; hence, partnerships worthy of the name must be premised on an acceptance of different objectives from the relationship. Otherwise, what is dubbed as “partnership” simply boils down to a transactional approach devoid of trust and open for exploitation. The same holds true at the global level, where a sustainable governance of migration, woven into the broader Sustainable Development Goals agenda and featuring fairer responsibility-sharing, would require implementing the two global compacts for refugees and migration, the latter of which, alas, has yet to be endorsed by nine EU member states. Much like internal coalitions of the willing anchored to an EU setting could represent a pragmatic yet principled way forward on migration and asylum within the Union, forging global coalitions of the willing anchored to the UN may be necessary to give life and meaning to the global compacts. Key in promoting the implementation of the compacts is, amongst others, the partnership with the African Union, as well as engaging the Biden administration on the US's adhesion to them.

The rebalancing of asymmetric interdependences passes through partnering and the strengthening of multilateralism. In the field of climate, the European Green Deal will only be successful if its external dimension is fully developed. The European Carbon Border Adjustment Mechanism can reflect an autonomous EU pursuing an ambitious decarbonization strategy that does not fall into the trap of protectionism only if it latches on internationally too. If the EU remains alone in establishing a CBAM, not only will its decarbonization impact be limited, but it will have damaging trade effects as well. If, instead, the EU succeeds in coordinating its measures with other global players, beginning with the US, not only will its impact be infinitely greater, but it will represent a critical mass that other countries will find difficult to ignore. A transatlantic CBAM “club” would have an enormously greater magnetic pull than a merely European one.

A stronger transatlantic bond will be critical in addressing and redressing many of the systemic challenges that China poses, from espionage and strategic commercial interactions to asymmetric R&D. Effective policies on investment

screening, export controls, technology transfers and R&D cooperation vis-à-vis China, as well as maintaining a competitive edge on critical technologies and secure supply chains cannot be achieved by the EU alone, but require transatlantic dialogue, intelligence-sharing and coordination. Likewise, the EU's ongoing ability to be a global norm-setter in areas such as artificial intelligence and big data technologies passes through strengthened partnerships, beginning with, although not limited to, the US.

Naturally, rebalancing asymmetries is also necessary within the transatlantic relationship. Partnership, alliance and asymmetry will continue to be the staples of transatlantic defence ties. EU-NATO cooperation can and should be strengthened, and the Capability Development Plan, much like the capability basket of the future EU Strategic Compass, must continue to develop in synch with NATO, particularly as the Atlantic Alliance moves towards its own new Strategic Concept. However, the EU should not shy away from pursuing a more rebalanced relationship across the Atlantic, and this may require some "necessary duplications" of capabilities and certainly far more European risk-taking, as discussed above. Moving in this direction is as necessary for European autonomy as it is for a revamped transatlantic bond.

Rebalancing the EU's partnerships is critical for a renewed push to strengthen multilateralism, which is in turn necessary to govern interdependence rather than being in the thrall of it. Strategic autonomy involves the EU's capacity to shape international norms and practices towards formally accepted institutions, laws, rules and procedures. Doing so in a world in which power politics is on the rise is no small feat and involves action on two levels.

The first relates to engagement with the US and other like-minded liberal democracies to define common parameters for the governance of global public goods, notably those in the fields of human rights, security, digital and migration, where a shared normative basis is key. This would facilitate a consensus on liberal principles such as reciprocity, non-discrimination and the protection of individual rights.

The second level involves an effort by the EU and its partners to widen the net and mainstream these parameters into the discourse and practices of multilateral institutions. This is particularly important in those policy areas where "quantity"

trumps “quality”: in other words, where delivering global public goods requires the participation of the largest possible number of countries even when values are not shared. Climate change, pandemic response and, to an extent, economic recovery can only be addressed by all players in the international system acting together.

While there would be no guarantee that multilateral solutions would reflect the EU’s preferences, working with like-minded partners would increase the chances of liberal norms asserting themselves, notwithstanding the growing normative contestation by systemic rivals within multilateral forums. Establishing a stronger consensus on global governance between the EU and its partners would also increase their preparedness to deal with the stalemate of international institutions. For instance, if a country like China were to refuse to empower the WHO’s capacity for early detection of potential epidemics, the EU, the US and their partners could take collective action based on previously agreed parameters. The same goes for climate change mitigation measures. This approach would basically be about creating critical mass within international institutions to either push them in a direction favoured by the EU or, failing that, limiting the cost of multilateral stalemate and international divisions. By the same token, it is only by partnering internationally, notably with the US as well as Japan, South Korea and other Asian economies, that the EU can ensure a more level playing field for its companies abroad by shaping global trade and investment rules and standards.

Conclusions

European strategic autonomy has established itself as a concept and will remain a dominant framework guiding the EU’s aspirations to play a global role in the years ahead. Representing the other side of the coin of its internal development, strategic autonomy is necessary in a world in which multiple powers are set both to cooperate and to compete ever more. But while being a prerequisite for Europeans to live by their norms internally as well as to promote these internationally, European strategic autonomy is by no means devoid of dilemmas. While attention often concentrates on the realist counter-argument to European strategic autonomy – that it risks hampering the transatlantic bond –, two liberal objections appear more pertinent, namely that if ill-managed

European strategic autonomy could end up exacerbating power imbalances within the EU as well protectionism abroad. In order to pursue European strategic autonomy while avoiding these risks, this paper posits three broad guidelines applicable across different policy sectors, from defence to energy, technology to migration. European strategic autonomy will require internal political and economic resilience and unity, far greater responsibility and risk taking in surrounding regions, and the governing of global interdependences by partnering in multilateral formats.

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