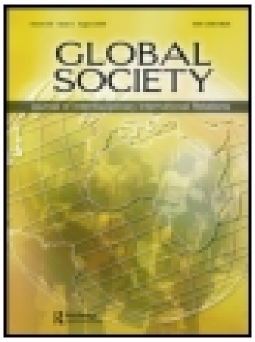

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Responding to the global disorder: the EU's quest for open strategic autonomy

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ABSTRACT
This article traces the emergence of a novel interpretive platform in EU politics, one that understands that an array of post-Great Recession changes in the global political economy are calling for a reassessment of the EU's long-established approach to globalisation. The article argues that this rethinking is organised around the concept of "open strategic autonomy", by which is meant an endeavour to reduce the EU's external dependencies in a range of critical sectors. The article identifies the conceptual bases that inform the quest for strategic autonomy by examining the reforms prompted by this quest in industrial, competition, trade, digital, financial and defence policy. A conclusion arising from the analysis is that the relationship between European integration and global capitalism does not only concern the external policy domains of the EU, but also internal ones, in fact having key implications for the political economy of state intervention at the EU level.

KEYWORDS
EU; strategic autonomy; globalisation; geopoliticisation; international political economy

1. Introduction

Over the last seven decades, the EU has embodied the most ambitious project of supranational integration in the world, incarnating in its own architecture both the Wilsonian aspiration of a rules-based global order as well as the Hayekian ambition of liberalisation through international integration. As such, the EU has not only developed, internally, into the world's most integrated trade area, but has also, externally, become a longtime champion of free trade and multilateralism on the global stage, with the European single market being one of the most open economies in the world (Rodrik 2011).

Precisely because the European integration project constitutes both a landmark response to, as well as key driver of, the second globalisation era, it is particularly relevant to look at how it is responding to the changing fortunes that the global political economy order is facing in the early 2020s. The notion of "open strategic autonomy" has come to increasingly structure the debates on these responses. Though being subject to competing interpretations, at its core this idea indexes a preoccupation with unduly vulnerabilities

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of Europe's economy to supply chain disruptions, third-country dependencies, and geopolitical risks, and a consequent drive for greater European self-reliance in a range of policy fields (see European Commission 2021f). In fact, the concept of open strategic autonomy has been employed by EU policymakers to refer to a long but relatively coherent list of policy issues, most obviously defence, foreign, industrial and trade policy, but also financial governance, climate change, energy policy or digital sovereignty, emerging as a core principle justifying EU-level state action in the post-COVID19 world. According to Charles Michel, European Council President, "European strategic autonomy is goal number 1 of our generation […] the strategic independence of Europe is our new common project for this century" (European Council 2020b).

This article, by drawing on various strands of constructivist institutionalist scholarship, approaches open strategic autonomy as a discourse that serves to provide a new "mindset for decision makers" (European Commission 2021f), or, to use Jabko's concept, a new "repertoire of governance" (Jabko 2019). As Jabko defines it, a repertoire is "a cluster of discursive practices recognised as pertinent by a circle of actors who perform it in a variety of ways […] using it as a collective coping mechanism but also as a discursive platform for policy innovation" (Jabko 2019, 4; see also Jabko 2006). We show in our analysis that, as a repertoire of governance, open strategic autonomy is articulated around a core "geopoliticising" (Cadier 2019, 74) frame, that is, a frame that constructs "an issue or policy as a geopolitical matter". Drawing on Cadier (2019, 80), we understand that a geopoliticised endeavour is one that (1) is decided in consideration of other states' actions, (2) typically involves hard power practices and (3) reflects concerns related to territoriality. Geopoliticisation can refer to both the narrative practices of construing a policy in geopolitical terms and to the resulting outcomes in terms of meaning crystallisation.

We contend that, in the context of the EU economic policy making since the late 1980s, the open strategic autonomy discourse is an intriguing innovation which bears close scrutiny. It is intuitively intriguing, we suggest, because it entails both a certain inward-looking push—or at least, an attempt to reduce external dependencies—as well as a shift in the perspective on the balance between markets and state at the EU level, both elements potentially marking a departure from the neoliberal beliefs about international integration and governance hegemonic among EU elites since the establishment of the Single European Act (1986) and Treaty of Maastricht (1992).

However, knowing that the EU has a long record of grand policy concepts that eventually became more consequential for the academic industry of EU studies than for real-world policymaking, one might legitimately ask what the policy impacts of this new idea are or are likely to be. This is the aim of this article: to subject to scrutiny the rationale for policy action being offered by political leaders under the strategic autonomy discourse, and to develop a comprehensive assessment of the progress towards the desired policy results such a repertoire envisages. The analysis is couched in an interpretivist vein, first and foremost concerned with capturing—or, as interpretivists prefer, with "reconstructing"—the meanings and beliefs "as they appear within, and even frame, actions, practices and institutions" (Bevir and Rhodes 2003, 17). It does so by offering a comprehensive assessment of the available primary documents on the topic.

The analysis proceeds in three sections. Section two revisits the ascendant trajectory of the idea of strategic autonomy within EU politics, arguing that such a trajectory is explained against the background of the erosion of the three key "narratives" (Bevir and Rhodes 2003) that organised worldviews in the post-Maastricht period: those of "the West", of rules-based multilateralism, and of the Washington Consensus. The third section in turn analyses changes in six policy areas—those of competition, trade, digital, industrial, financial governance, and defence policy—where the potential for more strategic autonomy has been identified by EU policymakers. As such, the article's aim, rather than identifying a precise definition of open strategic autonomy among the cacophony of current interpretations, is to grasp what novel understandings of existing policy issues that such an idea fuels. A key conclusion arising from the analysis, developed in the fourth section, is that debates about the relationship between European integration and changes in global capitalism concern not only the external policy domains of the EU, but also some of its internal ones, and in fact have important implications for the political economy of EU-level state intervention. Section four also reviews the political conflicts that centre on the quest for European strategic autonomy, while the fifth concludes by discussing the findings, and outlines some avenues for future research.

2. A world in transition

The notion of strategic autonomy was born in France out of the uncertainty created by the end of the Cold War. Rooted in the Gaullist tradition, it was originally a foreign policy concept denotating the aspiration to avoid dependency on the United States (Howorth 2020). As attempts to articulate a military role for EU member states within NATO faltered throughout the 1990s, the notion of strategic autonomy was progressively Europeanised in the transition towards an increasingly conflictive international scenario during the 2000s, uncovering an increasing desire to pursue autonomy with respect to the US, while remaining its close partner. The concept eventually acquired a place in the EU's defence thinking in 2016, when the EU published its *Global Strategy* document. In it, strategic autonomy was invoked in order to call for greater self-reliance in both defining EU's external priorities as well as fostering a stronger European defence industry (European Commission 2016).

However, as shown in Figure 1, in subsequent years strategic autonomy became an increasingly ubiquitous concept in the EU's policy discussions, finding its way not only into foreign and defence policy debates but also into the domains of industrial, trade, telecommunications, energy, climate, common agricultural and even financial policy. Section 3 reviews what have been—or are likely to be—the policy implications of this semantic expansion. What is important to note here is the causal logic underlying the expansion: what made it possible for a concept rooted in defence policy to pervade an increasingly wide range of policy areas concerning globalisation was the increasing geopoliticisation, and even "securitisation" (Buzan, Wæver, and De Wilde 1998),[1] of globalisation itself.

Such geopoliticisation of international economic interdependences expresses, at least in part, the crisis of the post-Cold War, US-led international order, and of its organising

[1]According to its creator (Cadier 2019, 74), the concept of geopoliticisation has close analytical affinities with that of securitisation (i.e. with the practice of transforming subjects from regular political issues into matters of "security"). Nonetheless, securitising discourses involve a higher level of emergency/extraordinary rhetoric, since what is perceived as being under threat is the very survival of the state (Buzan, Wæver, and De Wilde 1998, 23–27).

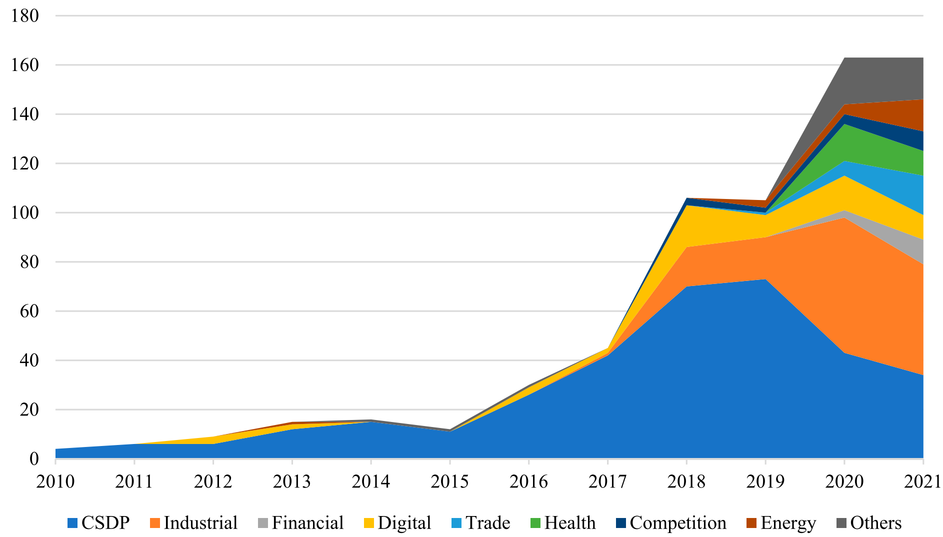

Figure 1. Mentions to strategic autonomy in EU policy documents by policy area. Source: Publications Office of the European Union. Author's own graph.

tenets. In Europe, the very concept that had shaped post-1945 perspectives regarding international affairs was that of "the West". Product of the Cold War but enjoying a second youth following the collapse of the Soviet bloc, this was a geopolitical and political concept transparently expressing US hegemony. It was under the (broad) strategic parameters demarcated by this concept that the EU integration project flourished: during the second half of the twentieth century, the European elites sought to establish an alignment with the prevailing framework of US power to secure a range of geopolitical, economic, and political aims (Anderson 2009).

However, the lessons Europeans drew from the Trump presidency were that the US' status as trustworthy global leader and as vital ally could no longer be taken for granted (Aggestam and Hyde-Price 2019). Observing also Russia's increasingly belligerent behaviour in Eastern Europe, as demonstrated most prominently by its two invasions of Ukraine (2014, 2022), as well as the growing international assertiveness of Xi Jinping's China, felt in the EU through, for instance, the "17+1 initiative",[2] Europeans began to recognise how the EU was at risk of becoming a playground for global powers in a world dominated by geopolitics (see, e.g. Borrell 2021). French President Emmanuel Macron was perhaps the first to understand that the EU would have to play a strategic game between the US, Russia and China, and use its leverage carefully (Macron 2021). But the concern has also become shared by traditionally hard-core Atlanticists such as Dutch conservative Prime Minster Mark Rutte:

> The shift away from a US-led international order towards a multipolar world was set in motion long before President Trump took office. In reality, for some years now, the rise of China and the return of Russia to the world stage have had an enormous impact on world politics. It's not just the "America first" policy that Europe must find ways to deal

[2]Grouping of Central and Eastern European countries established in 2012 with the aim to expand economic cooperation with China. It became the "16+1" initiative after Lithuania left the alliance in 2021.

> with. We are also witnessing a chain of action and reaction, with Russia, China, India, Turkey, Brazil and many other countries putting their country first. So, my key message today is this: the EU needs a reality check; power is not a dirty word. (Rutte 2019)

Amidst this geopolitical reorganisation of the global order, "global governance and infrastructure is at risk of fragmentation due to intensified rivalries in a range of areas" (European Commission 2021f; Lavery and Schmid 2021). This calls for a rethinking of the EU's approach to global integration.

First and foremost, the growing "geopoliticisation of trade" (Meunier and Nicolaidis 2019) that has taken place worldwide in the aftermath of the Great Recession poses a serious challenge to the mild-mannered approach to global governance that the EU has long harboured: instead of the increasingly borderless world governed by multilateral rules and internal institutions imagined by EU institutions at the beginning of the twentieth century (Abdelal and Meunier 2010), the second decade of the twentieth century has witnessed growing attempts by the leading powers to weaponise trade to gain national advantages, and a subsequent trend towards the structuring of world markets into rival regional blocs. Without seeing a return to old-fashioned protectionism or de-globalisation, the erosion of the hyper-globalisation discourse predominant worldwide in the 1990s is starting to give place to what Maçães (2018) defines as "conflictive integration": international economic integration follows its course, but the interaction between states increasingly becomes structured by geopolitical considerations.

But the version of globalisation propelled from the 1980s onwards implied not only changing external relations between states, but also, via new stricter constraints on domestic policy spaces, a profound reconfiguration of the models of political economy paradigms followed within states (Cerny 1997). The promise globalisation implied not only deep opening to international trade, but also the adoption a full range of liberalising policies. The notion of "Washington Consensus", first coined by Williamson (1990), came to capture the *Zeitgeist* of the period.

In the context of the EU, the Washington Consensus is relevant because several of its key tenets provided the raw materials for the building of the Economic and Monetary Union (EMU). European monetary integration as established by the Treaty of Maastricht rested on a convergence of views across different countries related to the virtues of stable money, sound finances and neutral states in free markets. The "Brussels-Frankfurt Consensus" (Jones 2013) thus provided a market-led model of European integration, according to which the EU's governments committed to ensuring that local-market institutions —including welfare arrangements—did not conflict with the aims of stable money and international competitiveness. It was a paradigm of European integration reluctant to build strong EU-level mechanisms of economic governance, since these were perceived as potentially encroaching upon the market. The extent to which greater market liberalisation became the *raison d'être* of the EU is shown by the fact that any sign of *dirigisme* and "economic patriotism" came to be perceived as a dangerous affront to European integration (Rosamond 2012). However, the hypothesis advanced in this article is that the transformations in the global political economy described until here are generating new pressures for European integration in ways that break with the neoliberal rationale. Based on Figure 1 and the 2021 *Strategic Foresight* of the European Commission (2021f), the following section discusses developments that have occurred in this direction in six policy fields.

3. Cross-policy area analysis

3.1. Industrial policy

Throughout the last decades, the EU has had a weak and fragmentary approach to industrial policy—reflecting the retreat, across advanced capitalist economies, from vertical forms of industrial policy in favour of a narrow focus on remedying market failures and promoting competition. However, during the 2010s, EU institutions showed increasing concern about the continuous migration of manufacturing capacity beyond the EU and the widening innovation gap with respect to world leaders, while member states repeatedly reiterated the necessity for the European Commission to act in the industrial policy field (Council of the EU 2017). After the meagre policy outputs achieved by the attempts to articulate a pan-European industrial policy during 2010s, the strategic autonomy discourse is laying out a renewed ideational environment to ramp up the pursuit of EU-level industrial policy.

In March 2020, the Commission adopted a Communication on a "A New Industrial Strategy for Europe". This laid "the foundations for an industrial policy that will support the twin transitions" (green and digital), and "make EU industrial more competitive globally and enhance Europe's strategic autonomy" (European Commission 2020b, 16), adding that this "is about Europe's sovereignty [...] in a time of moving geopolitical plates" (European Commission 2020b, 1). Subsequently, the outbreak of the COVID-19 pandemic in 2020 accelerated the awareness of Europe's lack of strategic autonomy by dramatically highlighting existing supply chain dependencies.

In the 2021 updating of the Commission's industrial policy strategy, the need to ensure greater resilience become the top policy priority (European Commission 2021h), with several consequences for EU industrial policy. For the Commission, enhancing resilience basically means addressing "strategic dependencies", that is, increasing the EU's independence from key single-country supplies. This aim emerges from a combination of economic and political considerations: diminishing high dependencies on critical imports is seen as warranted not only to reduce the risks of supply chain disruptions, but also to curtail potential foreign influences on European decisions. As the European Commission's in-house think tank asserts, a lack of autonomy in supply chains "can lead to disadvantageous knowledge transfers and long-term economic costs, or, even more worryingly, it can make the EU susceptible to undue foreign influence—from intelligence operations to coercion or even sabotage" (European Political Strategy Centre 2019, 2). As such, in 2020 the European Council invited the Commission to

> identify strategic dependencies, particularly in the most sensitive industrial ecosystems such as for health, and to propose measures to reduce these dependencies, including by diversifying production and supply chains, ensuring strategic stockpiling, as well as fostering production and investment in Europe. (European Council 2020a)

In relation to the first aim, the Commission's 2021 industrial strategy identifies up to 34 crucial industrial imports in which the EU faces the threat of supply squeezes (European Commission 2021b, 12). The European Commission also identifies 137 products in "sensitive ecosystems" on which the EU is highly dependent. Of these materials, China accounts for 52% of supplies by value, followed by Vietnam with 11% and Brazil with 5%. These 137 products, however, represent only a small share (6%) of total imports. They mostly relate to areas such as security, health ecosystems and raw materials, as well as goods, services and technologies that are key for the green and digital transitions.

Policies to address these dependencies have been proposed or adopted in several fronts (see European Commission 2021b, 11–15). Firstly, the EU's 2021–2017 Multiannual Financial Framework (MFF) budget and the Next Generation EU funds will be leveraged to support member states' investments in areas of strategic importance. Strategic autonomy appears as one of the eleven criteria upon which the European Commission will evaluate member states' investment projects in order to assign funding, with the financing of strategic sectors—digital technology, green technology, pharmaceutical industry, aviation biofuels—being prioritised (European Commission 2021b).

Secondly, the European Commission aims to revamp the use of Important Projects of Common European Interest (IPCEIs). These are large-scale industrial projects that pool public and private resources from different member states in areas where the market alone cannot deliver cutting-edge innovation, and in which positive spill-over effects for the EU economy are expected. Crucially, state aid rules constraining public subsidies are loosened in the case an area is designated part of an IPCEI. The framework establishing IPCEIs was created in 2014 by the Juncker Commission. Since then, four IPCEIs had been approved by the Commission: in microelectronics (December 2018), in battery value chain (December 2019 and January 2021), and an "infrastructure IPCEI" on the Fehmarn Belt fixed rail-road link (March 2020).

Hence, after remaining unused for the first few years, ICPEIs deployment has gained momentum since 2018, a reflection of a political shift across EU institutions. In 2018, 19 member states called for simplifying authorisation procedures for IPCEIs, widening their application to new technological fields and re-examining the existing framework to increase its efficiency.[3] Both the European Parliament (2020) and the European Council (2019) came to support this position, underlining that IPCEIs are "one of the relevant tools for supporting strategic value chains at EU level". In all of these proposals, the shift towards a geopoliticising way of thinking is evident from the emphasis placed on the international rather than intra-European scale of industrial (policy) competition: "Our industry is facing increasing fierce competition from other major economic blocks, which are developing their own proactive industrial strategies", argued the above-mentioned member states' manifesto.

Crystallising this shift, in 2021 the Commission adopted revised framework setting out the criteria to IPCEIs under State aid rules. The revised criteria make more flexible the use of ICPCEIs by expanding the type of projects that may qualify for the IPCEI exception and by making the projects more open to small and medium-sized enterprises. At the same time, it increases from three to four the number of Member States required to participate in the projects, and adopts stricter environmental rules. The Commission also introduced a clawback mechanism (an ex-post profit-sharing mechanism) if the project is more profitable than planned. As with the prior 2014 Communication,

[3]Joint statement available at: https://www.gouvernement.fr/sites/default/files/locale/piece-jointe/2018/12/929_-_declaration_finale_-_6eme_reunion_des_amis_de_lindustrie-en.pdf (last time accessed: 22 June 2022).

IPCEIs remain a generous State aid instrument, as the maximum aid amount may reach 100% of eligible costs identified in the funding gap analysis. The von der Leyen Commission aims to extend the use of ICPEIs to projects on next-generation cloud, hydrogen, low-carbon industry, pharmaceuticals and a second IPCEI on cutting-edge semiconductors.

In the third place, the Commission will expand the support it gives to "industrial alliances" (European Commission 2021h). Industrial alliances, unlike IPCEIs, do not involve direct public funding. They aim to provide platforms where all relevant partners, both public and private, in a given value chain can coordinate. In appropriate cases, such as in the case of batteries, industrial alliances help to prepare IPCEIs. As of 2021, the Commission has already launched industrial alliances on batteries, hydrogen, and raw materials, while working on four new projects: the "Alliance on Processors and Semiconductor Technologies", the "Alliance for Industrial Data, Edge and Cloud", the "Alliance on Space Launchers" and an "Alliance on Zero Emission Aviation" (European Commission 2021h).

Building on the "alliance" on semiconductors, the Commission plans to build the European Chips Act. The Act, framed by von der Leyen as "a matter of tech sovereignty", aims to counter the bloc's over reliance on semiconductor producers in Asia (von der Leyen 2021). According to the Commission's president, "the aim is to jointly create a state-of-the-art European chip ecosystem, including production". To deliver this ambition, the Commission proposes to mobilise not only the aforementioned European Alliance on Semiconductors, but also the possibilities offered by IPCEIs and even the setting up of a dedicated European Semiconductor Fund (Breton 2021).

3.2. Competition policy

A key aspect of EU industrial policy concerns the limits posed by competition policy on industrial policy. While France and Germany celebrated the first industrial deployment under IPCEI in 2018, they pressed the Commission to simplify the competition law framework to help "develop innovative industrial capacity in Europe", particularly in order to counteract perceived unfair foreign competition. In 2019, the economy ministers of Germany and France delivered a manifesto calling for the creation of "European champions" (German Federal Ministry for Economic Affairs and French Ministry for the Economy and Finance 2019). The manifesto was a response to the Commission's decision to prohibit the *Siemens/Alstom* transaction, which anticipated combining Europe's two major producers of high-speed trains to create a company capable of competing with China's CRRC Corporation. The Manifesto's main proposal was to inject political oversight into the rules-based technocratic framework of the EU merger policy: the two governments suggested a "right to appeal of the Council which could ultimately override Commission decisions" (German Federal Ministry for Economic Affairs and French Ministry for the Economy and Finance 2019). The request was to update the merger assessment guidelines to consider hazards to competition at the global level rather than at the European one, while also calling for the reform of European State aid rules. The aim was to enable the creation of sufficiently large European companies able to compete on a global scale. The Franco-German ideas were further backed in February 2020, when Italy and Poland joined these two countries in sending a letter to the

Competition Commissioner Margrethe Vestager asking for the introduction of "more justified and reasonable flexibility" in the Commission's decisions about mergers, and to "take better account of third countries' state intervention" (*Politico* 2020a).

The chances of reforming merger policy in a politicised direction are scarce, not only due to concerns about the loss of transparency and reliability, but also because the smaller member states strongly back the current status quo as a way to protect their domestic companies from German and French takeovers (*Politico* 2019). However, in the new context created by the COVID-19 pandemic, competition policy debates were revamped in the EU. State aid rules were temporarily relaxed between 2020 and 2021, while the Commission encouraged member states to acquire equities in strategic companies to fend off the threat posed by Chinese state-backed giants (*Financial Times* 2020a). More significantly, in 2021 the Commission adopted a review of competition policy. While the Communication does not put forth a substantively new approach, it shows nevertheless how the Commission is reshaping the image of EU competition law. The Communication presents the numerous ways in which the Commission is actively adapting competition policy tools across all the areas (antitrust, merger control and State aid) through both the prism of the green and digital transitions and the need to enhance the resilience of the Single Market. Thus, while the aim of ensuring strong competition enforcement is maintained, the Communication emphasises how "competition rules have an in-built flexibility to adapt", as well as how "European merger control can contribute to preventing dependencies and increasing the resilience of the EU economy by making sure the supply chains remain diversified" (European Commission 2021a).

3.3. Trade policy

In the area of trade policy, a key development prompted by the strategic autonomy repertoire is a shift towards a more defensive and assertive trade posture. Since 2019, the Commission has been building a comprehensive toolbox to protect the Single Market from undue foreign competition. A first initiative that follows this logic involves the adoption of a more rigorous monitoring of foreign direct investment (FDI). In different member states (Germany, Netherlands, France), concerns about undue foreign control of strategic European assets had been on the rise since 2016, when the Chinese firm Midea acquired the German robotics firm Kuka. This and similar takeovers triggered widespread concerns about Chinese companies' expanding acquisition activities into European cutting-edge technologies, and the alleged consequent undermining of Europe's security and core position in global supply chains (European Commission 2019). In response to these concerns, in 2019, following a Dutch proposal (*Financial Times* 2019), the EU introduced a mechanism to scrutinise, and in some cases reject, incoming FDI. The "Framework for the Screening of Direct Investments into the Union" (EU 2019) allows member states and the Commission to voice concerns about a planned non-EU investment in critical technologies and infrastructures. In another instance of the securitisation push, the FDI Screening Regulation allows the adoption of "restrictive measures relating to foreign direct investment on the grounds of security or public order" (EU 2019), but not based on economic considerations. Ultimately, however, since the Commission only has a monitoring and advisory role in this area, the host member state of each FDI has the final say.

Closely related, in 2021, the Commission proposed new rules to address distortions caused by subsidised foreign companies in the single market (European Commission 2021c). The aforementioned FDI legislation deals with threats to European security, but not to the commercial level playing field. Consequently, the Commission detects a gap in the current legal framework by which many foreign subsidies would be illegal if they were granted by EU member states and assessed under EU state-aid rules; however, they are currently legal because they are granted by non-EU countries (the current European state-aid regime allows the Commission to act against subsidised imports of goods but not against subsidies related to trade in services or to the acquisition of companies). As such, again following a Dutch proposal (The Netherlands 2019), the Commission is proposing a new instrument which brings the EU's competition tools to bear on international trade. In particular, the proposed regulation would empower the Commission to block acquisitions of EU companies as well as public procurement bids when they are fuelled by state subsidies from outside the bloc. Under the proposed system, any merger between a company with a turnover higher than €500 million and a third-country entity that has received support of more than €50 million over three fiscal years from its home state, be it in the form of subsidies, tax incentives or other means, must be notified to the Commission. The participation of companies in public tenders will be scrutinised when the value of the contract exceeds €250 million.

But the potentially most innovative change brought about by the geopoliticisation of trade is the "anti-coercion" trade defence instrument proposed by the Commission in 2021. Crafted largely in reaction to the Trump's administration threat to impose trade sanctions on the EU in cap of member states approving digital services taxes, this instrument would allow the Commission to impose economic counter-sanctions—ranging from trade and investment restrictions to sanctions on intellectual property rights—on individuals, companies and counties that have

> interfered in the legitimate sovereign choices of the Union or a Member State by seeking to prevent or obtain the cessation, modification or adoption of a particular act by the Union or a Member State by applying or threatening to apply measures affecting trade or investment. (European Commission 2021d)

Crucially, according to the proposal, the sanctions can be triggered by the Commission without the need to resort to a vote in the Council. Thus, due to its legal status as a trade instrument rather than a foreign policy tool, the instrument would allow the Commission to circumvent the unanimity rule that acts like a ball and chain on all EU foreign policy decisions. Indeed, this possibility has triggered concerns among some member states: Sweden and the Czech Republic, for instance, warned the Commission that "any prospective autonomous EU tool needs to avoid any doubt about its full compliance with public international law" and noting the "extensive foreign policy impacts", asking for capitals to be "fully engaged in the decision-making" (Czech Republic and Sweden 2021).

Beyond these three instruments, the Commission is working, at the time of writing, in three additional trade defence tools: an International Procurement Instrument (IPI) that would limit non-EU companies' access to the EU public procurement market if their governments do not offer European companies similar access to their public tenders; a

Directive on Corporate Sustainability Due Diligence that would provide mechanisms to protect human and labour rights, and environmental standards, across global supply chains; and a Single Market Emergency Instrument, which inspired by the US Defence Production Act, would allow export restrictions on several categories of goods in emergency situations.

In any case, beyond these new unilateral trade defence tools, trade agreements remain the main instruments that the EU has at its disposal to build strategic autonomy. In this aspect, as explained by David O'Sullivan, former head of the EU's trade directorate, although the EU remains firmly committed to multilateralism, in the last decade it has been forced to arrange a series of bilateral trade deals:

> The single biggest change in EU trade policy is the shift from the multilateral to the bilateral or regional approach. The failure to agree a new multilateral deal in the WTO was a major setback for which we are all still paying the price. The EU reluctantly fell back on bilateral trade deals as a second-best option and is now at the centre of the largest network of free trade agreements ever seen. (*Financial Times* 2020e)

Concomitantly, since 2010 the Commission has been prioritising the strengthening of social provisions in free trade agreements (Yotova 2017). Indeed, in 2021, in order to monitor the implementation of these agreements, the Commission created the figure of EU Chief Trade Enforcement Officer, who can actively initiate anti-dumping cases against foreign countries that undercut EU competitors with unfair pricing and subsidies.

3.4. Digital policy

Paradoxically, the area in which the notion of open strategic autonomy is most strongly infused with the seemingly old-fashioned grammar of sovereignty is that concerning the last frontier of technological development, namely cyberspace and the digital sphere. In her Political Guidelines for the 2019–2024 mandate, the European Commission President Ursula von der Leyen asserted that "it is not too late to achieve technological sovereignty in some critical technology areas" such as "blockchain, high-performance computing, quantum computing, algorithms and tools to allow data sharing and data usage" (von der Leyen 2019). From that moment onwards, the idea of strategic autonomy has become ubiquitous in EU documents on digital policy. The notion of digital sovereignty involves in the EU's discourse a broad agenda including the desire to transform the EU into a unified actor in the realm of digital technology, particularly with respect to data control, securing connectivity and computing power, to promote the development of next-generation cloud and edge technologies, and to increase investment and research on artificial intelligence (European Commission 2021f).

Again, the quest for strategic autonomy in the tech/digital arena arises from concerns about its increasing geopoliticisation, as well as the underdeveloped position of European companies in the global race for key digital technologies (see Breton 2020). For instance, in the case of cloud and edge technology, the Commission argues that "data produced in the EU is largely stored and processed in cloud storage operated by non-EU providers, which makes it subject to third country jurisdictions. This creates strategic dependencies and risks for cybersecurity, data protection, access and security" (European Commission 2021e, 11). Indeed, far from the decentralised and open cyberspace that was imagined by some in the 1990s, the Internet is breaking up into a "splinternet" (O'Hara and Hall 2018), with state-centric sovereignty thinking in the US and China driving this fragmentation. In response, the EU aspires to build a third model that is loyal to Europe's values. According to the President of the European Council Charles Michel, "Between the American model of 'business above all', and the Chinese state-controlling authoritarian model, there is plenty of room for an attractive and human-centred model. This […] may well be our distinctive way, 'Europe's way', into the digital revolution" (European Council 2020c).

To this end, in 2020 the Commission put forward two potentially game-changing laws, the Digital Services Act (DSA) and the Digital Markets Act (DMA): the first aims to increase digital sovereignty by curbing the power of large (mostly non-European) tech companies, while the second aims to develop a "single digital market". The DSA proposal seeks to establish *ex-ante* rules to ensure that markets characterised by the presence of large platforms with significant network effects remain fair and open to competition. In particular, the DSA proposes a set of standards for content moderation, that make companies legally responsible for the services they provide. These rules will include the obligation to remove illegal products, services and content; the protection of users whose content has been deleted by mistake; greater cooperation and transparency with the authorities; and greater traceability in order to prosecute fraud, with the possibility of cross-border orders being established (thereby allowing administrations of member states to make data requests to technology companies based in another member state). Furthermore, the draft law also includes transparency obligations regarding the algorithms used for the extraction of user data, the placing of advertising, and the personalisation of content (European Commission 2020c).

In turn, the DMA aims to establish specific competition rules for large digital companies in order to curb anti-competitive practices, such as taking advantage of a dominant position in a sector to undermine rivals' services (European Commission 2020d). The "gatekeeper platforms" (the business such as Amazon, Google or Apple that run online marketplaces other companies must participate and at the same time compete against to trade) that will be scrutinised correspond mainly to three key factors: they have a market capitalisation of at least €80 billion, more than €6.5 billion in turnover in the EU, and operate in at least three states of the Union. As such, the legislation will mainly affect US tech giants, reason for which the US National Security Council complained, warning the EU against pursuing "protectionist" technology policies (*Financial Times* 2021).

3.5. Financial and monetary autonomy

A fifth policy area in which the strategic autonomy repertoire is animating policy changes is that of financial and monetary governance. Indeed, a precondition for stimulating domestic industrial innovation is obtaining the means to finance these efforts. In this regard, three key initiatives are being put forward by the Commission.

Chief among them is the Capital Markets Union (CMU), the EU's plan to integrate national capital markets into a genuine single market. The CMU's aim is to harmonise procedures within the bloc in order to improve cross-border investment, which has been held back for years despite EU treaties guaranteeing free movement of capital.

To achieve a CMU, the Commission envisages up to 16 measures aimed at promoting the flow of investment and savings across member states and expanding the non-bank part of Europe's financial system. Measures range from creating an EU-wide system for withholding tax relief at source, to harmonising national non-bank insolvency laws, developing pan-European pension funds, establishing a regulatory framework for the securitisation market, or amending the rules regulating the cross-border provision of settlement services in the EU (European Commission 2020a).

As noted by Quaglia and Howarth (2018), since its inception in 2014, the Commission has articulated different narratives to justify the CMU agenda. Originally formulated by the Juncker Commission as an initiative aimed at expanding the City of London's financial strength and thus attracting the support of British authorities, it was reframed after Brexit as an instrument to reduce the vulnerabilities posited by the UK's departure from the EU. Since then, the CMU agenda has become progressively entwined with the logic of strategic autonomy. The European Commission (2021f, 13) argues that "EU market participants maintain excessive reliance on essential financial infrastructure outside the EU […] amplify financial stability risks". Among other reasons, the CMU is necessary to ensure that the EU's financial system is not overly dependent on third countries: "Our interest is making sure that we are not captured by a system that we don't regulate or controlled by it", as put it by the Services Commissioner Mairead McGuiness (*Financial Times* 2020b). Thus, strategic autonomy, a concept that did not appear in the 2015 Commission's Green Paper on the CMU (European Commission 2015), has become a central rhetorical device in the Commission's latest communication on it: building "strategically-open autonomy in an increasingly complex global economic context" stands, alongside the improvement of the prevision of non-bank funding to European real economies, and guaranteeing funding for the green and digital transitions, as one of the three arguments that push for the completion of the CMU (European Commission 2020a).

The Commission has also argued that, by deepening European capital markets, the CMU agenda will facilitate the internationalisation of the euro. This is indeed a second reform area through which the Commission aims to strengthen Europe's financial autonomy. Boosting the euro's status as an international reference currency is another aim of the von der Leyen Commission born out of the US sliding towards unilateralism during Trump's presidency, and thus framed by the strategic autonomy narrative. A "stronger international role of the euro would shield the economy from foreign exchange shocks and reduce reliance on other currencies, as well as ensure lower costs of transaction, financing and for managing risk", argues the Commission (2021f, 1). Furthermore, a greater international role for the euro would allow the EU to "shield" the bloc from the effects of "the unlawful extra-territorial application of unilateral measures by a third country" as well as strengthening "the ability to enforce EU's sanctions" (2021f, 16). The latter purpose arises from the difficulties faced by the EU in asserting its independence in the face of sanctions against Iran imposed by the US during Trump's presidency, and thus reflects the will to curb Europe's exposure to Washington's ability to weaponise the US dollar. Specific steps set out by the Commission in this direction include a planned review of the EU regulation of financial benchmarks to encourage them to be denominated in euros, the introduction of a digital euro, and the reduction of reliance on foreign financial institutions. In addition, efforts to boost the euro's global status will also be strengthened by the implementation of the Next Generation EU programme, by which the EU will become one of the major debt issuers worldwide.

Finally, in third place, in most key proposals on Europe's investment policy plans, an expanded role is envisaged for the European Investment Bank (EIB). Indeed, in order to channel investment in crucial infrastructures and production systems, the investment plan of the von der Leyen Commission, known as InvestEU (and managed by the EIB), is expected to mobilise (combining public and private resources) at least €372 billion in additional investment between 2021 and 2027 (EU 2021).

3.6. Defence policy

The policy domain in which the strategic autonomy discourse was born happens to be the one in which fewest significant reforms has triggered so far. Of course, a key reason for this lies in the unanimity-based decision-making process of the Common Security and Defence Policy (CSDP). The cause and consequence of this is the EU's "lack of a common strategic culture" in the foreign policy field, as recognised by the area's High Representative Josep Borrell. However, some observers argue that strategic autonomy could precisely provide a new ideational glue to the CSDP (Witney 2019).

Indeed, demands for a consolidated and effective pan-European defence capacity have been the subject of debate since 2016. Following the publication of the EU's *Global Strategy* in that year, several new initiatives have sought to strengthen the CSDP. In 2017, 25 EU member states agreed to intensify their defence cooperation within the framework of the Permanent Structured Cooperation (PESCO), an instrument enshrined in the Lisbon Treaty but never previously employed. In the same year, a permanent Military Planning and Conduct Capability (MPCC) was established, essentially focused on "non-executive" CSDP missions (mainly military training operations) (Howorth 2020). Also in 2017, the European Defence Fund (EDF) was created, as a mechanism to coordinate national investment in military research and develop joint capabilities. The EDF entails a significant institutional innovation by bringing together elements of the Community Method in a "research window" funded by the EU budget, with intergovernmental elements in a "capabilities window" allowing Member States to purchase defence assets collectively. However, the MFF 2021–2027 only endows the EDF with a total budget of €8 billion, far less than the Commission's initial proposal (€13 billion), and very modest in comparison to the overall annual EU defence expenditure of €186 billion in 2019 (European Defence Agency 2021). In 2018 another key proposal was adopted: a mobility initiative of €6.5 billion, aimed at building infrastructure to facilitate moving heavy weaponry through the EU in case a crisis breaks out with Russia.

Finally, in 2021, a new European Commission's Directorate-General for Defence Industry and Space and a new European Peace Facility (EPF) were established. The latter is an off-budget fund that allows the EU for the first time to provide the armed forces of partner countries with financing, infrastructure and equipment, including weapons. The EPF has been first mobilised in reaction to the 2022 Russia's invasion of Ukraine, having supplied, at the time of writing, €2 billion in assistance to Ukrainian Armed Forces. The war in Ukraine prompted yet another ground-breaking innovation in the CSDP, with the proposal to establish an EU-level mechanism to coordinate joint defence spending across member countries. According to the Commission's proposal, this new framework for defence joint procurement will take the form of a European Defence Capacity Consortia (EDCC) (European Commission 2022).

Despite these significant reforms,[4] the EU is far from achieving strategic autonomy in the defence policy field, at least if by this it is understood some form of multi-national, tightly integrated defence capacity enabling the EU to engage in military operations with minimal assistance from the US. In fact, technical solutions are insufficient to substantially boost the EU's strategic autonomy in defence policy unless member states articulate a political consensus on the purposes of a European defence instrument that attributes a central role for EU-level decision-making. To advance in this direction, the so-called Strategic Compass was adopted by the Council in 2022: it provides a mid-term roadmap towards a European Defence Union, with over 80 proposals to strengthen EU's security and defence (Council of the EU 2022). The proposal to establish a Rapid Deployment Capacity of up to 5000 troops for different types of crises stands out among them.

4. The politics of open strategic autonomy

The preceding analysis shows how the quest for European strategic autonomy fuels policy debates that call into question some of the basic tenets of the post-Maastricht model of European integration. In the economic sphere, the objective of strategic autonomy is potentially in tension with the search for economic efficiency: reducing dependencies implies factoring in geopolitical considerations in a wide array of economic policy decisions instead of looking, in a purely cost-efficient Ricardian manner, for trade opportunities in the world market. This shift in perspective has repercussions, at the political level, on the legitimate frontiers of state intervention at the EU level. Thus, despite having emerged as a concept which aims to rethink the EU's relationships with the outside world, the strategic autonomy debate is also powering new understandings about the internal organisation of the EU polity. A prerequisite for achieving greater strategic autonomy is a greater capacity to act collectively, an assumption which indeed stands in the French tradition of presupposing that external power comes from more internal coherence (Sutton 2007, 311–321). Indeed, the broad palette of ideas related to the quest for strategic autonomy is united by two common inclinations: on the one side, calls for closer cooperation among member states; on the other, proposals for higher levels of supranational integration to carve out relatively autonomous spheres of decision-making that go beyond the minimal contours of the regulatory state à la Majone (1999). In fact, there is no better proof of this dynamic than the non-paper issued by the Netherlands and Spain (two states initially wary of the strategic autonomisation framework) in early 2021, in which they call for extending qualified majority voting in the Council in several areas related to strategic autonomy.[5]

[4]Due to space limitations, we cannot review other recent defence policy initiatives—European Intervention Initiative (EI2), Aachen Treaty—which are also framed in terms of European strategic autonomy yet carried out outside the EU framework. These initiatives are testament of the disposition of some member states, notably France, to push for European defence autonomy even if this is done through forms of "differentiated integration" (Hoeffler 2019, 63).

[5]Available at: https://www.permanentrepresentations.nl/documents/publications/2021/03/24/non-paper-on-strategic-autonomy (last time accessed: 20 June 2022).

Precisely because of its potentially profound effect on the direction of the integration process, the political consensus on strategic autonomy remains limited. Indeed, different interpretations of the concept compete both between member states and within the European Commission. The more "economic patriotic" (Rosamond 2012) interpretations of strategic autonomy are pushed by Internal Market Commissioner Thierry Breton and by the heavyweight member states of Western Europe, mainly France, Germany, and Italy. However, at odds with them, the Competition and Trade Directorates of the Commission remain suspicious of any slide towards protectionism (*Politico* 2021). Indeed, former Trade Commissioner Phil Hogan and current Trade Commissioner Valdis Dombrovskis have downgraded Breton's proposals on more than one front (*Financial Times* 2020d, 2020c). Intra-Commission differences are reflected in the different definitions of strategic autonomy provided by the recent reviews of industrial and trade policy: while in the former, "Europe's strategic autonomy is about reducing dependence on others for things we need the most: critical materials and technologies, food, infrastructure, security and other strategic areas" (European Commission 2020b, 13), in the latter,

> open strategic autonomy emphasises the EU's ability to make its own choices and shape the world around it through leadership and engagement, reflecting its strategic interests and values. It reflects the EU's fundamental belief that addressing today's challenges requires more rather than less global cooperation. It further signifies that the EU continues to reap the benefits of international opportunities, while assertively defending its interests (European Commission 2021g, 4; see also Jacobs et al. 2022)

In fact, the addition of the prefix "open" to the term "strategic autonomy" first appears in the speeches of Trade Commissioner Phil Hogan during 2020, in an effort to quell fears of protectionism (see, e.g. Hogan 2020; *Politico* 2020b).[6]

Alongside the more laissez-faire-oriented actors within the Commission, the EU's smaller and trade-oriented countries are rallying. For these member states, a concern exists that strategic autonomy is becoming a veil to give Franco-Germany industries a new edge at the expense of smaller economies. In a position paper issued at early 2021, 12 member states argued that "not every sector and technology can or should be regarded as critical. For example, being important for future European competitiveness is and should not be sufficient to qualify for such targeted measures", wrote the Czech Republic, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Malta, the Netherlands, Slovakia, Spain and Sweden (*Politico* 2021).

For some of these countries, particularly those in Central and Eastern Europe (CEE), strategic autonomy is attractive precisely in its hitherto least-developed policy dimension, that of military capabilities (Ryon 2020, 240). Yet in this dimension, the appeal of strategic autonomy for some CEE countries does not arise from problematising the EU's defence dependency on the US/NATO, as it is implied in French discourses, but from the need for the EU to take more responsibility in security affairs alongside NATO.[7] In fact, Emmanuel Macron has never portrayed the quest for strategic autonomy as a rejection of the transatlantic alliance, but rather as a means for the EU to develop a "hedging" (Koga 2018) strategy in relation to the US, featuring a combination of

[6]This point was brought to our attention by an anonymous reviewer of *Global Society*.

[7]There are, nonetheless, significant differences between CEE countries when it comes to understanding strategic autonomy in the defence policy sphere (see Valášek 2021).

cooperation and self-sufficiency.[8] However, any actual or potential weakening of NATO is seen with outright suspicion both in CEE and in Germany (Bunde 2021). Significantly, in 2020, German Defence Minister Annegret Kramp-Karrenbauer (2020) stated that:

> the idea of strategic autonomy for Europe goes too far if it is taken to mean that we could guarantee security, stability and prosperity in Europe without NATO and without the US. That is an illusion […] Relying exclusively on the EU would create a divide in Europe.

5. Conclusions

Following the inability of the EU member states to agree on significant steps to strengthen the CSDP despite the increasing geopolitical instability surrounding the Union, EU's scholars and pundits alike have sounded the death knell to the concept of open strategic autonomy. This article has come to argue all the opposite: despite the lack paradigmatic shifts in the field of defence policy, over the last five years open strategic autonomy has gone from being a controversial defence policy term to becoming a generalised and Europeanised concept which is shaping EU policies in several areas. The article has taken stock of the developments in trade, industrial, competition, digital, financial and defence policy, but strategic autonomy is also emerging as a central discursive repertoire in other fields such as energy, agriculture, and health policy.

In seeking to identify the potential for prompting institutional change that lies in the strategic autonomy discourse, the article has downplayed many of its limitations. Central to the spread of the strategic autonomy narrative is the ample variety of interpretations that it allows: indeed, European policymakers do not all mean the same thing by open strategic autonomy, and yet they all agree that the EU should be "more autonomous". In this sense, although the ambiguities of the strategic autonomy discourse have so far allowed for relevant departures from the status quo ante, existing interpretive differences suggest that a stronger push for European strategic autonomy risk leading to wider divisions within the EU. In fact, this is arguably a dynamic present in any process of ideational change: an effect of new ideas is to trigger tensions in actors' worldviews, thus generating contradictions in existing coalitions and institutional equilibria while, precisely because of this, also creating the opportunities for reformist agents to alter them (Jabko 2006).

In any case, further research is needed to explore the contradictory loyalties, diverse ideological traditions and disparate class interests that will certainly dampen the development of strategic autonomy, as well as on external and internal developments that might hamper its integrationist drive. Nevertheless, it is the expectation of this article that in an international scenario increasingly marked by uncertainty and conflict, strategic autonomy will remain a central topic in discussions about the future of the EU. As the emerging state-building literature on EU integration argues, in contrast to the predominant market-based motivations that have historically push forward European

[8] Macron's stance on the issue is reflected in the following words:

> Europeans have to understand that we do need this cooperation, this interoperability, and this very intimate work with the US. But we never—I mean, our duty definitely is not to put ourselves in a situation to depend on US decisions, because any US decision that is democratic could be led by a domestic approach. (Macron 2021)

integration, the emergence of collective security imperatives in EU politics may well result in pressures for greater centralisation of political authority and stronger EU-wide identity construction (Kelemen and McNamara 2022).

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