European Parliament

What if open strategic autonomy could break the cycle of recurring crises?

Open strategic autonomy is about ensuring that the EU has the capacity to cope alone if necessary but without ruling out cooperation whenever possible. It goes some steps beyond smart supply chain management by taking into account geopolitics as well as economic factors. It relies on foresight to identify threats and ensures resilience by anticipating the required responses. Could the resulting preparedness also prevent crises by normalising situations that would otherwise become emergencies?

In recent years, the world has gone through repeated crises – the economic crisis, migration, Russia's invasion of Crimea, Brexit, the COVID-19 pandemic, the shortage of semiconductors, Russia's further invasion of Ukraine, the energy crisis, rogue cyberattacks, political tensions with Asia, etc. As the European Union (EU) is close both geopolitically and economically to Ukraine, the impact of the war on its economy is particularly acute. The OECD recently published a simulation of the likely effects of the war and the commodity price changes, showing drops in growth almost twice as large in the eurozone as in the United States. While the consequences of Russia's actions and the subsequent

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disruptions to European supply chains are only now beginning to be fully appreciated, the EU needs to respond to these crises as supply chains for food, energy, raw materials, satellite communications and semiconductors, among others, are currently at risk. Also, very recently, the COVID-19 crisis put enormous pressure on health supply chains for face masks, respirators, hydroalcoholic gel, tests and vaccines.

According to the dictionary definition, a 'crisis' is 'a time of great disagreement, confusion, or suffering'. In some of the recent instances of crisis, it was the material shortages of strategic products that really made the situation dire and brought about disagreement, confusion and a considerable part of the suffering. The strategic impact of logistics has long been been acknowledged . Napoleon, for example, was aware of the need to take it into account to increase the mobility of his artillery and supply his troops. He offered a prize for new methods to improve food preservation, which led to inventions such as canned food. Napoleon sought to make war situations less disruptive for his side, while the enemy would be hard put to cope. However, he failed to grasp the overarching scale of the problem; can openers were only invented 50 years after canned food.

Potential impacts and developments

Supply chains managed to deliver even during the COVID-19 pandemic due, to a large extent, to the massive procurement exercise undertaken as part of a coordinated EU response. However, as the situation in Ukraine reveals, there are still lessons to be drawn and risk management strategies need to be revised to take EU open strategic autonomy from concept to reality, looking at their impacts on areas from food security to energy supply and defence. With other international actors such as the United States (US), China and India developing their capabilities for greater strategic autonomy, the EU is in danger of being left behind. When it comes to military autonomy, EU Member States are mostly reliant on NATO for their defence.

Economic tendencies such as reshoring and decoupling mean that the EU's interdependencies could be turned against it. Industrial policy measures, such as reshoring the production of semiconductors and medical equipment, are expensive and only work when focusing on a few key sectors and bottlenecks. For this reason, the European Commission has specified that it seeks 'open' strategic autonomy, not self-

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sufficiency for its own sake, and it has already taken some important steps in this direction. The REPowerEU package, adopted in March 2022, seeks to accelerate the ongoing clean energy transition by boosting renewables and energy efficiency. Preparedness plans are being proposed for different sectors, as is the case for the recovery plan for Europe. NextGenerationEU is a temporary recovery instrument with more than €800 billion to help repair the immediate economic and social damage brought about by the coronavirus pandemic. Additional legislation is being proposed for specific sectors, as with the energy efficiency directive, the renewable energy directive III, the energy taxation directive, the chips act, the upcoming cyber resilience act and the future industrial strategy. Sources of supply can be diversified through an adequate trade policy, while transparency improves preparedness and helps identify strategic dependencies. The strategic aspect of key enabling technologies and critical raw materials also needs to be considered, while there is still a real need to conduct additional research cutting across different sectors to explore how policy and procedures could translate this work into practical, applicable requirements. Ultimately, these new capabilities are supposed to protect EU citizens from the impacts of unforeseen crises, such as another pandemic, a major disruption of supply chains, or an interstate conflict.

Anticipatory policymaking

Open strategic autonomy begins with an adequate EU trade policy designed to help face economic transformation and geopolitical instability. It has to promote reform of the World Trade Organization (WTO) in support of multilateralism in the areas of sustainable development, the green and digital transformations and global solutions. Working within the WTO framework is essential to avoid the impression of protectionism and remain open to trade. Open strategic autonomy also means rebuilding the transatlantic partnership and promoting dialogue and cooperation by engaging with a range of partners to address common challenges together. The reinforcement of European defence is also becoming a significant concern. The Strategic Compass for the EU's security and defence policy has already been endorsed by the European Council, while closer cooperation with NATO is being openly discused internally and even acknowledged by partners such as the US.

Innovation is also key for resilience. In July 2022, the European Commission presented a new European innovation agenda to foster innovation for EU sustainability and preparedness by encouraging innovators to make better use of EU single market finance opportunities, and by attracting new private and public investors to reinforce EU financial and capital markets. The European Parliament is a strong advocate for stepping up EU innovation capacities. In its resolution of 8 July 2021 on a new European research area for research and innovation, Parliament focused on the objectives of the European Green Deal. Parliament's resolution of 6 April 2022 meanwhile highlighted the importance of international cooperation in reinforcing EU innovation capacity. The resolution of 7 July 2022 emphasised the need to provide the necessary economic resources and noted the European Investment Bank (EIB) Group's investment of €20.7 billion to support innovation in 2021. This includes investment in digitalisation and the promotion of skills and training for the digital world, making a substantial contribution to the EU's global competitiveness and employment possibilities. In addition, researchers and companies might find alternatives to imported critical raw materials, or ways to use and produce European energy more efficiently.

Systems thinking and foresight can be instrumental in helping policymakers to reinforce their ability to anticipate disruption and normalise situations that would otherwise generate stress. In the autumn of 2022, the 10th anniversary of the ESPAS Annual Conference sought to offer a strong, forward-looking perspective on key global challenges to build a robust, sustainable future for the European Union. In the present environment of recurring global crises, open strategic autonomy can be called upon to provide the required preparedness, by adding geopolitics to the equation. The EU-wide Foresight Network is leading the Commission's efforts to embed strategic foresight in its work. Starting in the second half of 2023, the Spanish Presidency of the Council is proposing to pay special attention to foresight and strategic autonomy as key elments for adding resilience to the EU's long-term objectives of a greener, more digital and social Europe. The Commission and the Council are already involved and the participation of the European Parliament will bring the citizens' perspective to the debate.