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How to 'open' Strategic Autonomy

The EU's open strategic autonomy agenda is quickly gathering pace, especially in the trade and industrial domain. A host of initiatives and autonomous instruments have been introduced to strengthen the EU's resilience, reduce its strategic dependencies in key sectors, and protect its industries against economic coercion and unfair trade practices. The EU has generally been careful to ensure that its efforts do not undermine the openness of its economy. However, there is an undeniable tension between the 'open' and 'autonomous' components of the agenda. Guaranteeing compatibility will require a careful balancing act, contingent on a coherent strategy not only for strengthening the EU's strategic autonomy but also for fostering and preserving its openness. This policy brief offers concrete suggestions for operationalising the 'open' component in the EU's open strategic autonomy agenda.

Introduction

The EU's open strategic autonomy agenda is an increasingly ambitious project with potentially widespread implications for the direction of European integration and cooperation. No longer limited to the defence and security domain, the agenda now stretches to various policy areas. In the trade and industrial policy domain, the EU aims to reduce its strategic dependencies in key sectors, protect its industries against economic coercion and unfair trade practices, and advance its (social, digital,

labour, human rights and environmental) values and standards.¹

- 1 Tobias Gehrke, "[Threading the trade needle on Open Strategic Autonomy](#)" in Niklas Helwig (ed.), *Strategic autonomy and the transformation of the EU new agendas for security, diplomacy, trade and technology*, Finnish Institute of International Affairs, April 2021; Luuk Molthof, Dick Zandee and Giulia Cretti, "[Unpacking open strategic autonomy. From concept to practice](#)", *Clingendael*, November 2021; European Commission, "[Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery](#)", SWD 351 final, 5 May 2021; European Commission, "[Trade Policy Review – An Open, Sustainable and Assertive Trade Policy](#)", 66 final, 18 February 2021.

The Covid-19 pandemic and the Russian invasion of Ukraine have further contributed to the urgency of strengthening the EU's (economic) resilience. However, there is still much disagreement over the appropriate path towards that resilience. In fact, some member states, including the Netherlands, Spain and the Nordics, have only recently warmed to the necessity of a more interventionist trade and industrial policy.² Their caution was borne out of concern that the strategic autonomy agenda would undermine the EU's open economy, by fuelling protectionism and creating distortions in the Single Market's level playing field. In an effort to address these concerns, the EU and its member states have agreed that they are striving for *open* strategic autonomy, and that the EU will strengthen its resilience while preserving its open economy.

While this move has assuaged some of the concerns, and has allowed sceptical member states to back the agenda, that is not to say the concerns are entirely gone. The broad support for the open strategic autonomy agenda could quickly dissipate if some member states felt that it did not adequately reflect a balance between the 'autonomous' and 'open' components. What's more, (legitimate) calls on the EU to 'go big or go home' on industrial policy, matching its ambition with substance,³ have little chance of being heeded as long as the demarcation is not sufficiently clear.

In a previous Clingendael report, it was shown that the twin aims of achieving strategic autonomy and preserving an open economy are not necessarily incompatible and could even be complementary to one another.⁴ However, there is also an inherent tension between strategic autonomy on the one hand and openness on the other. Guaranteeing compatibility will require a careful balancing act, contingent on a coherent strategy that will not only achieve strategic autonomy but also foster and preserve the EU's openness.

Yet, the *open* component in 'open strategic autonomy' is not yet as fully worked out as the *autonomy* component. Although 'strategic autonomy' remains a highly ambiguous, confusing and – therefore – contested concept, it is undeniable that there is a lively debate about its meaning, its objectives and its scope. In contrast, there is very little debate about what the 'open' in 'open strategic autonomy' actually stands for, or indeed how the agenda's 'openness' should be guaranteed or pursued.⁵ Admittedly, EU institutions have more or less embraced the open component in their policy documents and have expressed the intention to achieve strategic autonomy 'while preserving an open economy' (Council of the EU)⁶ and while remaining 'open to trade and investment' (European Commission).⁷ Yet a comprehensive and operational openness strategy is still lacking.

This policy brief, based also on interviews with EU officials and (academic) experts, aims to address this gap and formulate building blocks to operationalise the 'open' component in the EU's open strategic

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- 2 Jakob Lewander (ed.), Niklas Helwig, Calle Håkansson, Tuomas Iso-Markku, and Christine Nissen, "[Strategic autonomy – Views from the North](#)", *Swedish Institute for European Policy Studies*, December 2021; Miguel Otero Iglesias, Andrés Ortega and Rem Korteweg, "[A Spanish-Dutch view on open European strategic autonomy in trade, industry and digital policy: seven pitfalls to avoid](#)", *Real Instituto Elcano*, 11 February 2022; Netherlands Ministry of Foreign Affairs, "[Spain-Netherlands non-paper on strategic autonomy while preserving an open economy](#)", 24 March 2021; Rijksoverheid, "[Kamerbrief strategisch en groen industriebeleid](#)", 8 July 2022.
 - 3 Nils Redeker, "[Go big or go home – How to make European industrial policy work](#)", *Hertie School*, May 2021.

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- 4 Luuk Molthof, Dick Zandee and Giulia Cretti, "[Unpacking open strategic autonomy...](#)".
 - 5 Except here: Miguel Otero Iglesias, Andrés Ortega and Rem Korteweg, "[A Spanish-Dutch view on...](#)"; Adviesraad Internationale Vraagstukken, "[Slimme industriepolitiek: een opdracht voor Nederland in de EU](#)", 18 March 2022.
 - 6 Council of the EU, "[Towards a more dynamic, resilient and competitive European industry](#)", 16 November 2020.
 - 7 European Commission, "[An open, sustainable and assertive trade policy, open strategic autonomy](#)".

autonomy agenda. The policy brief is divided into three sections. The first section offers a short background to the open strategic autonomy debate. The second section reflects on some of the tensions between ‘autonomy’ and ‘openness’ and introduces four explicit aims that should underwrite the agenda’s openness: 1) avoid protectionism and the impression of protectionism; 2) maintain fair competition within the Single Market; 3) strengthen alliances with like-minded (trading) partners; 4) foster a strong, fair and rules-based multilateral trading system. Finally, the third section offers a range of recommendations for ensuring and operationalising each of these four openness aims.

1. Context

The EU’s desire for strategic autonomy is a direct product of a changing geopolitical and strategic context. Having long enjoyed the benefits of the multilateral liberal order, it is now confronted with its decline. Faced with an assertive China that does not shy away from economic coercion, fraught transatlantic ties after US president Trump’s isolationist turn and a newly aggressive Russia, the EU has come to the realisation that it needs to act more ‘strategically’ and become more resilient in order to defend its citizens, interests and values.⁸

For a few years now, the EU has looked to strengthen its resilience in a broad range of policy areas, including in defence and security, foreign policy, digital policy, and trade and industrial policy. As the concept of ‘strategic autonomy’ entered into the trade and industrial domain, some critics feared that a more autonomous EU would entail a more inward-looking EU, disconnecting itself from the multilateral open trading system

upon which it built much of its success and identity. The implication of a more interventionist trade and industrial policy, meanwhile, raised significant concerns about the potential for protectionism and disruptions to the Single Market’s level playing field.⁹

In anticipation of, and response to, these concerns, the concept of *open* strategic autonomy was introduced,¹⁰ and pushed by member states including the Netherlands and Spain.¹¹ This concept expressed the EU’s desire to simultaneously strengthen its (economic) resilience *and* remain open and globally engaged.¹² This addition ensured that the agenda could count on broad backing.

However, the concept of strategic autonomy remains a contested one. Although the addition of ‘open’ has perhaps increased intra-European support for the agenda, it has failed to resolve, and probably even added to, the ambiguous nature of the concept. This is especially problematic, as the open strategic autonomy agenda is acquiring more and more teeth. Over the last few years, a host of ‘autonomous tools’ have been introduced or proposed that aim to enhance the EU’s ability to protect its industries against economic

8 Richard Milne and Kathrin Hille, “[Lithuania tests the EU’s resolve on Chinese economic coercion](#)”, *Financial Times*, 12 February 2022; Stuart Lau, Barbara Moens, “[China’s trade attack on Lithuania exposes EU’s powerlessness](#)”, 16 December 2021; Nathalie Tocci, “[European strategic autonomy: What it is, why we need it, how to achieve it](#)”, *Istituto Affari Internazionali*, February 2021, 12.

9 Paola Tamma, “[Europe wants ‘strategic autonomy’ – it just has to decide what that means](#)”, *Politico*, 15 October 2020; Martin Sandbu, “[Sweden flies the flag for the free-trade cause in the EU](#)”, *Financial Times*, 9 February 2021; Richard Youngs, “[The EU’s Strategic Autonomy Trap](#), *Carnegie Europe*”, 8 March 2021.

10 For an early mention, see for instance: European Commission, “[Opening Statement at CETA Hearing, by Commissioner Phil Hogan in the Dutch Senate](#)”. In a later speech, Hogan elaborates on the concept in more detail: European Commission, “[Speech by Commissioner Phil Hogan at Launch of Public Consultation for EU Trade Policy Review - Hosted by EUI Florence](#)”, 16 June 2020.

11 Netherlands Ministry of Foreign Affairs, “[Spain-Netherlands non-paper on strategic autonomy while preserving an open economy](#)”, 24 March 2021.

12 Luuk Molthof, Dick Zandee and Giulia Cretti, “[Unpacking open strategic autonomy...](#)”, 10-12.

coercion and unfair trade practices.¹³ Meanwhile, state aid is acquiring a new role in the EU's industrial policy,¹⁴ and is being used as a tool to start up industrial alliances and so-called Important Projects of Common European Interests (IPCEIs) which are meant to address certain strategic dependencies and help the EU achieve its sustainability targets.¹⁵

As the open strategic autonomy agenda takes shape and is put into practice, the lack of a common understanding of the objectives and accompanying strategies for preserving the EU's openness risks undermining the agenda's success. Adding the open component to the strategic autonomy agenda was initially an appropriate response to (anticipated) concerns, but has since then failed to be sufficiently operationalised to be considered an equal part of the agenda. The next two sections aim to address this gap by formulating building blocks to operationalise the 'open' component in the EU's open strategic autonomy agenda.

2. Putting the 'open' in 'open strategic autonomy'

In order to do justice to the 'open' component in 'open strategic autonomy', the EU's agenda in industrial and trade policy should be underwritten by four explicit aims: 1) avoid protectionism and the impression of protectionism; 2) maintain fair competition within the Single Market; 3) strengthen alliances with like-minded (trading) partners;

and 4) foster a strong, fair and rules-based international trading system. These aims build upon the contours of 'open strategic autonomy' as discussed in the updated 2020 New Industrial Strategy and the Trade Policy Review.¹⁶

1) Avoid protectionism and the impression of protectionism

The broad support among EU member states for the open strategic autonomy agenda is heavily conditional on the EU avoiding protectionism. Indeed, the term 'open strategic autonomy' was coined in large part because of the concerns raised by some member states and partner countries that the strategic autonomy agenda would lead the EU down the path of protectionism. The European Commission has continuously insisted that these concerns are misplaced and that its policies are not protectionist in nature and are WTO-compatible. Although the developed autonomous instruments may not have protectionist aims, they do directly affect the EU's openness to trade and investment, and do have the potential to *slide into* protectionism.¹⁷ At the bare minimum, the agenda's openness should therefore be underwritten by the aim of avoiding protectionism. Furthermore, the EU should also aim to avoid the *impression* of protectionism. After all, even if the EU itself is adamant and convinced that it is not resorting to protectionism, it does not mean its partners will see it the same way – as evidenced by some of the initial international reactions to the Carbon Border Adjustment Mechanism, for instance.¹⁸

13 For a list of recent and proposed measures, see Fredrik Erixon, Oscar Guinea, Philipp Lamprecht, Vanika Sharma and Renata Zilli, "[The new waves of defensive trade policy measures in the European Union: Design, structure, and trade effects](#)", *ECIPE*, May 2022.

14 Niclas Poitiers and Pauline Weil, "[Opaque and ill-defined: the problems with Europe's IPCEI subsidy framework](#)", *Bruegel Blog*, 26 January 2022.

15 For a list of open strategic autonomy aims identified through recent EU trade and industrial policy measures, see Luuk Molthof, Dick Zandee and Giulia Cretti, "[Unpacking open strategic autonomy...](#)", 12-13.

16 European Commission, "[Updating the 2020 New Industrial Strategy...](#)"; European Commission, "[Trade Policy Review...](#)".

17 Fredrik Erixon, Oscar Guinea, Philipp Lamprecht, Vanika Sharma and Renata Zilli, "[The new waves of defensive trade policy measures in the European Union...](#)", 7.

18 Pieter Pauw, Louise van Schaik and Giulia Cretti, "[The CBAM effect: The world's response to the EU's climate stick](#)", *Clingendael*, May 2022; Elena Sisto, "[Europe's Carbon Border Adjustment Mechanism moves to trilogue: potential impact on trade and WTO compatibility still unclear](#)", *ECIPE Blog*, July 2022.

Even the impression of protectionism could easily lead to undesirable (protectionist) countermeasures.

2) Maintain fair competition within the Single Market

The EU should not only aim to preserve its openness externally, but should also aim to preserve the openness within its internal market, guaranteeing fair competition and a level playing field. In addressing unwanted strategic dependencies and retaining a position of technological leadership, the EU is opting for a more interventionist industrial policy, which has raised both efficiency and competition concerns. More particularly, there are concerns that a more interventionist industrial policy would unfairly favour bigger firms with connections to public authorities¹⁹ and member states with more financial resources.²⁰ In order to safeguard the agenda's success, the EU should therefore be careful to keep competition distortions to a minimum.²¹

3) Strengthen alliances with like-minded (trading) partners

In order to ensure that the twin aims of achieving strategic autonomy and preserving an open economy are aligned – and possibly even complement one another, it is essential that the EU favours cooperation over 'going it alone'. Rather than trying to increase its resilience, reduce its one-sided dependencies, and protect its industries against economic coercion on its own, the EU is advised to reach out to like-minded partners and strengthen collaboration on economic, security and technology matters.

19 Niclas Poitiers and Pauline Weil, "[Opaque and ill defined...](#)".

20 Swedish Ministry of Enterprise and Innovation, "[Smart and selective use of the IPCEI instrument. Joint non-paper by the Czech Republic, Denmark, Finland, Ireland, Latvia, Lithuania, Poland, the Netherlands, Slovakia, Spain and Sweden](#)", 28 May 2021.

21 "[State aid: Commission invites interested parties to provide comments on proposed draft Climate, Energy and Environmental State aid Guidelines](#)", European Commission, 7 June 2021.

4) Foster a strong, fair and rules-based international trading system

While it is important to avoid the pitfalls of protectionism (aim 1) and distortions to the internal level playing field (aim 2), it is equally important to address the root causes of the EU's predicament – namely, the decline of the multilateral order and the increase in protectionism, economic coercion and unfair trade practices. The most sustainable solution to these challenges, and hence the most effective path towards greater *open* strategic autonomy, is to actively and assertively foster a strong, fair and rules-based international trading system – one that includes the active participation of both the US and China.²²

3. Implementing 'openness'

The previous section listed four 'openness' aims. This section lists some concrete steps and recommendations for how to achieve each of these aims. Some of these steps are already an informal or formal part of the EU's industrial and trade strategy; they have been included here for the sake of completeness, to reflect on the progress made, and to identify possible avenues for improvement.

Avoid protectionism and the impression of protectionism

- **Institutionalise the last resort nature of new trade defence instruments.** In order to better protect its industries against economic coercion and unfair trade practices, the European Commission is gradually expanding its trade defence toolbox. In order to ensure that these instruments are not used disproportionately, with a resulting slide into protectionism, it is essential that their 'last resort' nature is institutionalised. A prominent example is the anti-coercion instrument. While the European Commission is insistent that the instrument is designed to de-escalate and

22 Luuk Molthof, Dick Zandee and Giulia Cretti, "[Unpacking open strategic autonomy...](#)", 22.

to be used only ‘when there is no other way to address economic intimidation’,²³ the proposal entails risks for arbitrary implementation because of its broad definition of a coercive measure, the broad scope of its remedies, and its case-by-case application.²⁴ The Commission could therefore probably do more to mitigate the risk of protectionism. Hackenbroich and Zerka have suggested some valid safeguards against the overuse of the instrument, such as a time-limit on any countermeasures against economic coercion, as well as a review requirement under which the Commission would have to report to the European parliament and demonstrate that its measures are not protectionist.²⁵ Similar considerations apply to possible export controls under the single market emergency instrument (SMEI) and the European Chips Act.

- **Make new autonomous instruments WTO compliant.** In order to address trading partners’ concerns about protectionism, it is essential that an active effort is made to ensure that any new autonomous instruments are WTO compliant. The Commission has certainly demonstrated an awareness of the importance of ensuring WTO compatibility, but questions remain, for instance over CBAM’s compliance with international trade law²⁶ as well over the legal validity of potential export controls under the proposed EU Chips

Act.²⁷ Ensuring WTO compatibility and mitigating potential friction with third countries and partners over these instruments will not only signal to partners the EU’s intention to remain as open as possible but also give it more credence in its efforts to revive the rules-based international trading order.

- **Establish dialogue with trading partners.** In order to avoid the *impression* of protectionism, it is important to install proportionality safeguards and WTO compatibility. But it is equally important to establish a dialogue with EU trading partners – to create an understanding of EU actions and address any concerns partners might have about the EU’s new autonomous instruments.

Maintain fair competition within the Single Market

- **Reform the IPCEI-framework.** One of the central tools in the open strategic autonomy toolbox is the Important Projects of Common European Interest (IPCEI) subsidy framework.²⁸ The IPCEI framework allows member states to pool public resources ‘in areas where the market alone cannot deliver breakthrough innovation’.²⁹ At the time of writing, four IPCEIs have been approved (two on batteries, one on microelectronics, and one on hydrogen) while four IPCEIs are still in the making (on health, raw materials, cloud computing, and microchips).³⁰ However, as Poitiers and Weil have pointed out, due to the lack of strict governance and strict criteria

23 European Commission, “[EU strengthens protection against economic coercion](#)”, 8 December 2021.

24 Fredrik Erixon, Oscar Guinea, Philipp Lamprecht, Vanika Sharma and Renata Zilli, “[The new waves of defensive trade policy measures in the European Union...](#)”, 24-25.

25 Jonathan Hackenbroich and Pawel Zerka, “[Measured response: How to design a European instrument against economic coercion](#)”, *ECFR*, 23 June 2021.

26 James Bachhus, “[When two global agendas collide: How the EU’s climate change mechanism could fall afoul to international trade rules](#)”, *World Economic Forum*, 7 July 2021; Fredrik Erixon, Oscar Guinea, Philipp Lamprecht, Vanika Sharma and Renata Zilli, “[The new waves of defensive trade policy measures in the European Union...](#)”.

27 Daniel Gros, “[The European Chips initiative. Industrial policy at its absolute worst](#)”, *CEPS*, 10 February 2022.

28 European Commission, “[State aid: Commission adopts revised State aid rules on Important Projects of Common European Interest](#)”, 25 November 2021.

29 European Commission, “[Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe’s recovery](#)”, SWD 350 Final, 5 May 2021, 14.

30 America Hernandez and Simon van Dorpe, “[EU goes big on hydrogen as gas crunch looms](#)”, *Politico*, 15 July 2022.

for granting state aid under the IPCEI framework, the framework, in its current form, poses significant risks to fair competition within the Single Market.³¹ Next to strengthening the transparency requirements, the authors suggest two important changes to the framework:

- **Stricter EU governance.** First, the authors suggest setting up a stricter IPCEI governance structure, for instance by more closely involving third parties, such as the European parliament, in the decision-making process to ensure that negative effects on the Single Market are avoided and that the proposed IPCEIs meet the necessary criteria (see second point). A stricter governance structure could help prevent the disproportional use of the IPCEI framework.
 - **Stricter criteria.** Second, the authors suggest imposing clearer and stricter criteria on the granting of state aid under the IPCEI framework. At the moment, the criteria are rather vague and open to interpretation,³² creating the risk of a ‘watering down of state-aid disciplines in the name of strategic autonomy’.³³ Setting up a consistent assessment framework with clear objectives and criteria could go a long way in guaranteeing both the proportionality and success of the IPCEI instrument. The Dutch Advisory Council on International Affairs recently proposed an assessment framework for European industrial policy decisions, which could serve as a blueprint here.³⁴
- **Complete the Single Market.** In order to not only *maintain* but also *foster* fair competition and free trade within the European Union, the EU should take steps towards completing the Single Market.

31 Niclas Poitiers and Pauline Weil, “[Opaque and ill defined...](#)”.

32 European Commission, “[Important Projects of Common European Interest \(IPCEI\)](#)”.

33 Niclas Poitiers and Pauline Weil, “[Opaque and ill defined...](#)”.

34 Adviesraad internationale vraagstukken, “[Slimme Industriepolitiek...](#)”.

Despite the relative openness of the Single Market, many internal regulatory and trade barriers still exist, for instance in the digital market and in the market for services – although much has been done and is underway.³⁵ Working towards further removing (some of) these barriers would not only strengthen the EU’s economic resilience and competitiveness globally, but also foster competition and openness internally.

Strengthen alliances with like-minded (trading) partners

- **Establish cooperation agreements beyond FTAs.** The EU is advised, and is indeed already taking steps, to work on its (economic) resilience by way of new (trade) cooperation agreements with like-minded (trading) partners. Its Trade and Technology Councils with the US and India, its Digital Partnership with Japan, and its forthcoming Digital Partnerships with South Korea and Singapore are important steps in that direction.³⁶ Not only do such agreements contribute to the EU’s resilience in the face of global trade challenges, they also underline the EU’s commitment to its partners.

Foster a strong, fair and rules-based international trading system

- **Revive the World Trade Organisation (WTO).** The WTO has been the foundation of the rules-based multilateral trading system. In recent years, however,

35 Fabrizio Botti, Cristina Castelli and Giulio Giangaspero, “[EU Open Strategic Autonomy in a Post-Covid World: An Italian Perspective on the Sustainability of Global Value Chains](#)”, *Instituto Affari Internazionali*, July 2021, 16-17; Fredrik Erixon and Philipp Lamprecht, “[The Next Steps for the Digital Single Market: From Where do We Start?](#)”, *ECIPE*, October 2018; Ringa Raudla and Aneta Spendzharova, “Challenges to the European single market at thirty: renationalisation, resilience, or renewed integration?”, *Journal of European Integration*, 44 (1), 2022, 1-17.

36 Raquel Jorge Ricart, “[The EU and Japan: forging joint opportunities for global technology governance beyond great power rivalry](#)”, *Real Institutio Elcano*, 9 March 2022.

due to the weakening of multilateralism and rising geopolitical tensions (most prominently those between the US and China), the WTO has faced a crisis of sorts.³⁷ With negotiations in deadlock, an ineffective dispute settlement system, and members increasingly reverting to Free Trade Agreements (FTAs) over multilateral trade agreements, the WTO seemed to be losing its relevance. However, the progress that was made at the recent WTO 12th Ministerial Conference (MC12) suggests that there is reason for optimism. Indeed, after years of deadlock, the members reached some important agreements, for instance on fisheries subsidies, while committing themselves to making the organisation's dispute settlement system fully functional again by 2024.³⁸ The WTO's Director-General Ngozi Okonjo-Iweala even went so far as to say that the WTO 'was back'.³⁹ The EU actually played an important and leading role in the achieved progress, and in the context of its open strategic autonomy agenda it is good to see that it has made WTO reform a priority.⁴⁰ It should build on the success of the last Ministerial Conference and continue to play a leading role in establishing confidence-building agreements, such as the one on fisheries subsidies, and to ensure that the process of institutional reform progresses.⁴¹ It is of crucial importance that the small steps taken at MC12 are now worked out and built upon.

- **Revive FTA negotiations.** Free Trade Agreements (FTAs) have been essential to the EU's openness. However, over the

past few years the EU's trade policy has become increasingly politicised while FTAs have attracted increasing scrutiny over their social, labour, environmental and/or human rights standards.⁴² As a result, many of the EU's trade negotiations failed to make the desired progress. More recently, the EU has tried to revive these negotiations, striking its first FTA in three years with New Zealand.⁴³ Importantly, it includes stricter labour and environmental provisions. The deal could provide important momentum for the EU's other free trade discussions.⁴⁴

- **Show modesty in reshoring.** The Covid-19 pandemic exposed some important vulnerabilities in the EU's value and supply chains. It is therefore logical and legitimate that the reshoring of strategic products is being given greater thought. In combination with other measures, such as stockpiling, diversification and nearshoring, targeted reshoring could be an effective instrument in addressing resiliency issues. Sustainability imperatives might also be an argument for increased reshoring.⁴⁵ However, the EU ought to be modest in encouraging the reshoring of its production and especially in decoupling itself from its international supply chains. Not only does a strategy disproportionately based on reshoring run counter to the EU's intention to *manage* rather than *reduce* global interdependence, it also risks 'contributing to global overcapacity in the longer term and sparking vicious

37 Malorie Schaus, "Reviving the WTO and rules-based trading: The EU's role", *CEPS*, January 2022.

38 WTO, "MC12 outcome document", 17 June 2022.

39 Ngozi Okonjo-Iweala, "The WTO Is Back", *Project Syndicate*, 1 July 2022.

40 DG Trade, "Reforming the WTO: Towards a sustainable and effective multilateral trading system", *European Commission Publications Office*, March 2022; Council of the EU, "Council conclusions at the start of the 12th World Trade Organisation Ministerial Conference", 12 June 2022.

41 Malorie Schaus, "Reviving the WTO and rules-based trading: The EU's role", 5.

42 Barbara Moens, "Europe's glory days of trade deals are over", *Politico*, 30 August 2021.

43 Jorge Valero, "Europe Aims to Revive Trade Deals to Secure Allies", *Bloomberg*, 9 May 2022; Andy Bounds, "EU and New Zealand agree free trade deal", *Financial Times*, 30 June 2022.

44 Barbara Moens and Sarah Anne Aarup, "EU and New Zealand seal trade deal with tougher new green rules", *Politico*, 30 June 2022.

45 Werner Raza, Jan Grumiller, Hannes Grohs, Jürgen Essletzbichler and Nico Pintar, "Post Covid-19 value chains: options for reshoring production back to Europe in a globalised economy", *European Parliament Think Tank*, 19 February 2021, x, xi, 21.

subsidy cycles and trade tensions',⁴⁶ thereby undermining the openness of the international trading system in the longer term. Reshoring should be 'focused on specific critical sectors and products with pronounced supply bottlenecks'.⁴⁷ Before considering the reshoring of its production, the EU should therefore explore its alternatives, most notably diversification and the coordination of supply chain risks with partners. The previously mentioned EU-US Trade and Technology Council serves as a good model in this regard. The EU may also want to conduct a regular and thorough review of the effectiveness, efficiency and desirability of its reshoring activities. The establishment of an EU Resilience Office – tasked with coordinating the EU's resilience efforts – could prove to be helpful here.⁴⁸

Conclusion

This policy brief formulated building blocks to operationalise the 'open' component in the EU's open strategic autonomy agenda. It was suggested that the EU adopt an openness strategy based on four aims: 1) avoid protectionism and the impression of protectionism; 2) maintain fair competition within the Single Market; 3) strengthen alliances with like-minded (trading) partners; and 4) foster a strong, fair and rules-based multilateral trading system. The policy brief also offered a range of recommendations for achieving each of these aims. Making these objectives and steps a formal and explicit part of the open strategic autonomy agenda could go a long way in not only addressing simmering concerns but also building momentum for a more ambitious EU trade and industrial policy.

46 Miguel Otero Iglesias, Andrés Ortega and Rem Korteweg, "[A Spanish-Dutch view on...](#)", 3.

47 Werner Raza, Jan Grumiller, Hannes Grohs, Jürgen Essletzichle, and Nico Pintar, "[Post Covid-19 value chains.](#)", ii.

48 Jonathan Hackenbroich, Janka Oertel, Philipp Sandne, and Pawel Zerka, "[Defending Europe's economic sovereignty: New ways to resist economic coercion](#)", *ECFR*, October 2020, 10-13.

About the Clingendael Institute

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