



CARNEGIE
EUROPE



Geopolitics and Economic Statecraft in the European Union

Rosa Balfour and Sinan Ülgen, editors

*Eugenia Baroncelli | Lizza Bomassi | Raluca Csernatosi | Andreas Goldthau | Giovanni Grevi
Catherine Hoeffler | Erik Jones | Pavi Prakash Nair | Richard Youngs*

Geopolitics and Economic Statecraft in the European Union

Rosa Balfour and Sinan Ülgen, editors

*Eugenia Baroncelli | Lizza Bomassi | Raluca Csernatoni | Andreas Goldthau | Giovanni Grevi
Catherine Hoeffler | Erik Jones | Pavi Prakash Nair | Richard Youngs*

© 2024 Carnegie Endowment for International Peace. All rights reserved.

Carnegie does not take institutional positions on public policy issues; the views represented herein are those of the author(s) and do not necessarily reflect the views of Carnegie, its staff, or its trustees.

No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from Carnegie Europe or the Carnegie Endowment for International Peace. Please direct inquiries to:

Carnegie Endowment for International Peace
Publications Department
1779 Massachusetts Avenue NW
Washington, D.C. 20036
P: + 1 202 483 7600
F: + 1 202 483 1840
CarnegieEndowment.org

Carnegie Europe
Rue du Congrès, 15
1000 Brussels, Belgium
P: +32 2 735 56 50
CarnegieEurope.eu

This publication can be downloaded at no cost at CarnegieEurope.eu.

Contents

Summary	1
CHAPTER 1	
Introduction	3
Rosa Balfour and Sinan Ülgen	
CHAPTER 2	
A Global Perspective on Geopolitics and Economic Statecraft	9
Erik Jones	
CHAPTER 3	
Economic Statecraft and EU Strategic Interests	21
Giovanni Grevi and Richard Youngs	
CHAPTER 4	
EU Open Strategic Autonomy and the Future of the Global Economic Order	29
Eugenia Baroncelli and Sinan Ülgen	
CHAPTER 5	
Unpacking the Tensions in the EU's Approach to Supply Chain Resilience	51
Lizza Bomassi and Pavi Prakash Nair	
CHAPTER 6	
The Race for Clean Transition Materials and EU Geoeconomic Statecraft	61
Andreas C. Goldthau	
CHAPTER 7	
The EU's Vision for Technological Leadership	71
Raluca Csernatoni	

CHAPTER 8

**More Strategic, but Autonomous? Divergences Limiting
EU Economic Statecraft in Defense**

87

Catherine Hoeffler

CHAPTER 9

EU Political Legitimacy in a Postneoliberal World

97

Rosa Balfour

CHAPTER 10

Reluctant Statecraft for a Corrosive Era

109

Rosa Balfour and Sinan Ülgen

About the Authors

113

Notes

115

Carnegie Europe

137

CHAPTER 4

EU Open Strategic Autonomy and the Future of the Global Economic Order

Eugenia Baroncelli and Sinan Ülgen

Since 2021, the European Union (EU) has begun to adopt the concept of open strategic autonomy (OSA) with the aim to maximize the opportunities of economic openness while assertively defending the EU's interests both internally and externally.¹²⁸

Three major factors lay behind this move. The first was the shift from post–Cold War unipolarity to the current multipolar order, which is marked by growing U.S.-China rivalry. Contrary to the expectation that China's multilateral engagement would quietly align the country with the U.S.-led, rules-based, liberal international order, traditional balance-of-power dynamics have resurfaced. Even in areas where compatible goals existed, faltering policy cooperation has hampered the functioning of multilateral institutions, notably the World Trade Organization (WTO). That has increased disconnects in technological standards, supply chains, and export markets. In response, the EU seeks to assert itself as a champion of a new global order, in which openness is rules-based, fair, and sustainable, but in which strategic economic policies and regulations are routinely adopted to maximize political autonomy in interstate relations.

The second factor was Europe's declining weight in the global economy. Three decades ago, Europe accounted for a quarter of the world's wealth; by 2023, its share had decreased to 17.4 percent.¹²⁹ Multiple policy tools have been developed under the OSA umbrella to enhance the EU's trade and investment competitiveness in this evolving scenario and maximize the union's attractiveness as a strategic partner in international networks while also providing it with new tools to tackle unfair practices.

The third driver behind the EU's move toward OSA was technological innovation, particularly in digital transformation and sustainable industrial development. The EU's relative decline in the world economy has increased the benefits that Brussels can derive from technology-oriented policies, which can provide crucial incentives to regain shares in trade volumes and leadership in investment partnerships. Europe currently faces unprecedented pressure to innovate in critical future technologies, such as artificial intelligence and quantum computing. OSA-sponsored incentives for technology-driven transnational partnerships may be key to help the EU meet this challenge.

Together with the EU's 2016 Global Strategy, the concept of OSA has shaped Europe's evolving climate change and technology policies. The European integration process has tilted toward autonomy, and the EU has carefully crafted its technological cooperation to preserve Brussels's capacity to act independently.¹³⁰ As such, OSA has set the union a goal that is both ambitious and, in the current global context, unavoidable.

Critics believe that OSA-driven unilateralism, such as the incentives provided for strategic green- and high-tech partnerships outside the WTO framework, shows that the EU is renegeing on its commitments to economic freedom and openness as key drivers of prosperity.¹³¹ Supporters, by contrast, praise the beneficial effects of the EU's new approach in a context of growing market segmentation.¹³² While some observers have argued that OSA will unnecessarily weaken the transatlantic compact, others have suggested the concept has a strategic value for the union with regard to both partners, such as the United States, and adversaries, such as China.¹³³ Meanwhile, evidence from specific policy areas unveils how OSA-related EU regulation can trigger internal fragmentation, pushing member states to prefer national solutions and shun EU-led initiatives altogether.

Redefining EU Foreign Economic Policy

OSA embodies a new EU approach to the making of foreign economic policy in several ways. The concept signals both Brussels's distancing from the neoliberal excesses of past decades and its attempt to manage the challenges of an increasingly geopoliticized world. As such, OSA aspires to meet different needs and incorporates complex, potentially conflicting priorities. In many respects, then, OSA policies are the EU's strategic response to evolving power dynamics in the international system, which have also led to an intellectual rethink of EU foreign policy making. Incipient research on OSA has increasingly looked at the influence of external forces—most notably, the U.S.-China rivalry, the COVID-19 pandemic, and, more broadly, the weaponization of interdependence—on the EU's allegedly protectionist shift.¹³⁴

In the unipolar age, the transatlantic consensus on multilateral trade liberalization gained momentum, leading to the creation of the WTO in 1995.¹³⁵ Ideological homogeneity and U.S. tutelage paved the way to the EU's ambitious approach of democratic anchoring through economic support—that is, the provision of economic benefits to help prospective

EU member states along their democratization paths.¹³⁶ The current multipolar order, instead, is characterized by major ideological heterogeneities—between North and South and between free-market and state-led capitalism—and by widespread unilateralism, including in the transatlantic camp. U.S.-China competition and former U.S. president Donald Trump’s aggressive stance toward both adversaries and allies pushed Brussels farther toward a more autonomous foreign economic policy.

On the domestic front, the EU’s supranationalization of investment competencies allowed the European Commission to take the lead on industrial policy.¹³⁷ Brexit, in turn, weakened the EU’s free-marketeer camp and enhanced the weight of sovereigntist countries, such as France. Since the advent of populist regimes, the EU has been keener to protect the so-called losers of globalization, striking deals with China even in defiance of U.S. requests. Over time, however, perceptions of unfair Chinese competition mounted, shifting the balance of arguments toward greater autonomy and self-reliance.

Overall, OSA is not so much an EU strategy to renege on past commitments to an open economic system as an adaptive response to a changing external environment. While not amounting to pure protectionism, OSA has reoriented the EU’s approach to openness in a targeted fashion. Both the feasibility and the consequences of the concept remain to be seen. Global economic integration is deeper than in previous decades, so severing profitable ties for political reasons entails higher costs for businesses and consumers. The excesses of neoliberal austerity and the COVID-19 shock have further increased these costs and elicited calls for renewed embeddedness—that is, state intervention to regulate market dynamics, reduce inequality, and maximize welfare-enhancing outcomes of economic policies.¹³⁸

The EU can rely on two dimensions to chart a more autonomous course: its economic policies and its distinctive model of sociopolitical progress based on liberal ideals. The EU can choose whether to carve out a role as a more autonomous leader *vis-à-vis* the United States or continue to operate as a mostly passive follower. While the concept of OSA will inform the economic and technological elements of the EU’s foreign economic policy strategy, the EU can also count on its reputational capital as a model for responsible democracy by externalizing its version of liberal solidarity to attract like-minded countries in the Global South.

Brussels has cast its new economic policy in terms of both autonomy and openness. Unsurprisingly, this is the result of two opposing influences in the EU institutions: neomercantilist, protectionist voices in the European Commission Directorate General for Internal Market, Industry, Entrepreneurship, and Small and Medium-Sized Enterprises and in the EU Council, on the one hand; and neoliberal, free-market voices in the commission’s Directorate General for Trade and the commission more broadly, on the other.¹³⁹ Based on its distinctive approach to solidarity-based liberalism, the EU could play a leading role in bringing together a coalition of like-minded partners to enlarge the minilateral design of OSA. Yet, whether the EU can chart a coherent course of external action in both economic and ideational terms—combining selective protectionism and a rules-based, progressive approach to global governance—remains to be seen.

Examining the Impact of Open Strategic Autonomy

To delineate the likely implications of OSA for the future global economic order, this chapter examines nine OSA-related acts, regulations, instruments, and mechanisms. The analysis tracks each measure's expected impact on, first, the EU's autonomy from the United States and, second, the EU's alternative coalition choices and preferred negotiation forums, particularly given the measures' compatibility with WTO regulations.

The first dimension of the analysis refers to the degree to which a particular measure is likely to impact—or has already impacted—the EU's autonomy from the United States. OSA-related actions may entail either minimal or major changes to the EU's current status as a follower of the United States in energy, technology, trade, and investment policies. Uncoordinated, adverse EU measures that lead to negative market impacts on the United States or open criticism from the United States are treated as evidence of increased EU autonomy. By contrast, when measures that are adopted in response to existing U.S. schemes—so-called catch-up measures—have complementary policy designs and are expected to create synergies, these suggest a continued follower role for the EU and therefore low autonomy. Meanwhile, contrasting or symmetric catch-up measures that are unlikely to generate synergies count toward higher EU autonomy. Finally, when EU-U.S. complementarity is likely to result instead from U.S. adaptation to EU-led solutions, this again suggests greater European autonomy.

The second dimension relates to the impact of each OSA measure on the EU's choice of negotiation forum and the likely changes in coalition dynamics that this choice entails. The measures are assessed in terms of their compatibility with existing WTO regulations and their support for different negotiation venues and coalition dynamics. These venues can be either multilateral; plurilateral, such as sectoral agreements; minilateral, as with preferential trade agreements; bilateral, such as cooperation agreements, association agreements, or thematic tables; or unilateral.

Concretely, each of these two dimensions is examined in terms of the expected impacts of the following nine recently enacted EU initiatives:

1. the Carbon Border Adjustment Mechanism (CBAM);
2. the Critical Raw Materials Act (CRMA);
3. the European Chips Act;
4. the Net-Zero Industry Act (NZIA);
5. the Foreign Direct Investment (FDI) Screening Mechanism;
6. the EU's export control regime;
7. the Single Market Emergency Instrument (SMEI);
8. the Foreign Subsidies Regulation (FSR); and
9. the Anticoercion Instrument (ACI).

The first four of these initiatives fall within the remit of environmental or technology policies, while the last five belong to the domain of more traditional trade, investment, or industrial policies.

Combining variations in the two dimensions outlined above produces three possible scenarios. In the first, OSA is regulated in ways that only marginally increase the EU's autonomy from the United States, so the EU's choice of negotiating forum is determined mostly by U.S. policies. In short, the EU is mostly a passive follower of the United States. The result can be either open stabilization or deeper bipolar competition, depending on how the United States approaches the EU and other partners, on the one hand, and China and other adversaries, on the other.

In the second scenario, OSA is implemented in ways that strategically enhance the EU's autonomy from the United States, allowing the union to realign itself in selected economic areas with countries outside the U.S.-led bloc. In essence, the EU is an active follower. Tripolar coalition dynamics could emerge in multilateral forums, but there could also be a rise in plurilateral, minilateral, and bilateral agreements in which the EU is a party and the United States is not. If Brussels can exert influence over Beijing through EU-U.S. agreements and over Washington through EU-China initiatives, the union could become a third pole in the international system with a positive impact on global stabilization and openness. However, tripolar competition could also trigger destabilization and a heightened preference for minilateralism.

In the third scenario, OSA has a regressive impact on the EU's ability to act cohesively on the external front, as the adoption of new measures drives EU member states to shun OSA altogether and favor national solutions. This scenario is compatible with a broad drift toward economic nationalism, trade restrictions, and greater instability.

All other things being equal, progressive outcomes—EU joint action and cooperative, rules-based, welfare-enhancing achievements—will depend on the union's ability to capitalize on the selective nature of OSA and creatively marry the goals of openness and autonomy. Such outcomes will also depend on how the EU's partners and competitors react amid ongoing changes in economic, environmental, and technology politics.

Strategizing Between Openness and Autonomy

The first dimension along which OSA can be assessed is the way in which the nine measures identified above affect the EU's autonomy from the United States. Examining all nine measures together offers a checklist to support decisionmakers, private-sector actors, and concerned citizens who seek an informed understanding of the implications of OSA.

The Carbon Border Adjustment Mechanism

After discussions that lasted a decade, the EU adopted CBAM in 2021 to accompany the European Green Deal, a set of initiatives that aim to make the EU carbon neutral by 2050. When it is fully in force from 2026, CBAM will impose tariffs on carbon-intensive imports into the EU, with the goals of containing carbon leakages that arise from such imports and aligning exporting countries with the union's goal of carbon neutrality.

International reactions to the scheme have ranged from competitive approximation, as in China, to an openness to joint schemes, as in Canada, Turkey, and the United Kingdom (UK). However, there has also been mounting criticism, particularly from developing nations, of CBAM's alleged discrimination against carbon-intensive exporters to the EU.

CBAM has increased the EU's autonomy from the United States, which has shifted from outright opposition to consideration of a similar polluter import fee.¹⁴⁰ But discussions of a Global Arrangement on Sustainable Steel and Aluminum (GASSA), a proposed zone of joint import tariffs on these two metals, have stalled as Washington seeks a CBAM exemption for its aluminum and steel exports.¹⁴¹ In turn, Brussels has loaded the GASSA talks with grievances against allegedly discriminatory nontariff barriers to trade introduced by the 2022 U.S. Inflation Reduction Act. Amid these stagnant negotiations, the EU has proceeded along its timeline for the introduction of CBAM.

The Critical Raw Materials Act

Since December 2023, the CRMA has set minimum targets for the EU's extraction, production, consumption, and imports of seventeen raw materials that are deemed critical in the manufacture of technologies such as semiconductors.¹⁴² At present, however, the initiative appears underfunded and potentially divisive among EU member states, as the union has no common procurement strategy, dedicated budget, or business case to attract FDI in critical raw materials.¹⁴³ Less affluent member states risk remaining in the backseat, clearing the way for richer countries to engage in an EU race for scarce incentives. Internal fragmentation within the EU would delay the bloc's alignment with the United States, narrowing Brussels's policy margin in a critical raw materials alliance.

These weaknesses should not be underestimated, as both the EU and the United States are heavily dependent on Chinese supplies of critical raw materials, while Beijing depends on the United States and the EU for the design and manufacture of advanced semiconductors.¹⁴⁴ To manage such interdependence, since 2021 Brussels and Washington have strengthened their bilateral cooperation through the Trade and Technology Council.

The European Chips Act

In force since July 2023, the European Chips Act aims to double the EU's share in the global semiconductor market, reversing the course of events in the 1990s, when Europe accounted for 15 percent of global chip production and member states then relocated most of their chip manufacturing to Asia.¹⁴⁵ Far from attempting to regain control of the market, the act merely seeks to secure basic chip supplies for the EU through geopolitical controls on dual-use technologies and avoid critical shortages, such as those experienced during COVID-19-related lockdowns.

While representing a first step to align the EU with the 2022 U.S. CHIPS and Science Act, the European Chips Act lags behind the United States' planned efforts: The EU has pledged to mobilize €43 billion (\$47 billion), against the U.S. goal of \$52 billion, excluding private funds.¹⁴⁶ As a result, the European act will likely not alter the EU's status as a follower of U.S. primacy in the transatlantic partnership.

The Net-Zero Industry Act

Like the European Chips Act, the NZIA supports investment in EU-based cutting-edge manufacturing of green technology. The NZIA sets a target for the EU's overall manufacturing capacity in strategic net-zero technologies to cover 40 percent of the union's needs by 2030.¹⁴⁷ The act is both a response to the green components of the U.S. Inflation Reduction Act and a counterbalance to Chinese primacy in specific clean-tech sectors. The NZIA supports EU net-zero strategic projects through targeted financing and reduced red tape for clean tech, deep tech, and biotech.¹⁴⁸

However, the NZIA is minimally resourced—even more so than the European Chips Act. An accompanying instrument, the Strategic Technologies for Europe Platform (STEP), is to be financed through the EU budget. The commission estimates that the total new investments through STEP could reach up to €160 billion (\$175 billion).¹⁴⁹ Yet, this amount is dwarfed by the green financing package in the U.S. Inflation Reduction Act, which, according to global consultancy McKinsey, will “direct nearly \$400 billion in federal funding toward clean energy.”¹⁵⁰ Not surprisingly, the downgrading of EU funding for the NZIA objectives attracted fierce criticism from some member states, such as France, and from centrist members of the European Parliament, who support a sovereigntist interpretation of OSA.¹⁵¹

The risk of internal fragmentation within the EU is particularly high. Richer member states, such as Germany, have wider fiscal margins to comply with the NZIA provisions even without EU funding, while poorer states will likely fall behind in the race for investment in clean tech.

A Green Leader in the Making?

On the external front, all four of the measures examined so far—CBAM, the CRMA, the European Chips Act, and the NZIA—have elicited criticism for amounting to disguised protectionism. To contain the rise of anti-EU sentiment, Brussels will have to rethink the current underfunding of its green-tech initiatives. In particular, the CRMA and the NZIA require a greater effort to shore up domestic support and expand the EU's autonomy when it comes to building coalitions with the Global South.

CRMA-sponsored EU strategic projects between the union and third partners are financed mainly through the Global Gateway infrastructure investment initiative and member states' resources. Yet, it is unclear how the CRMA—and the many other new acts that tap into preexisting EU facilities—will help the union reach the targets set by its critical raw materials policy. Global Gateway support for sustainable infrastructure development in third countries has already borne fruit in terms of the EU's search for green critical raw materials, for example through EU preferential agreements with the Democratic Republic of the Congo, Kazakhstan, and Kenya.

On the autonomy front, CBAM represents an innovative EU tool for fairer pricing of carbon-intensive imports, an area in which the United States has been caught off guard and seems to be lagging behind. By contrast, the CRMA and the NZIA are reactive steps by the EU to contain the impacts of measures in the U.S. Inflation Reduction Act on self-sufficiency in critical raw materials and on trade and investment in clean tech, respectively. These two EU acts also strengthen the deterrent effect of EU-U.S. economic cooperation against coercive practices by China and Russia in critical supplies and enhance the resilience of supply chains in the event of global shocks.

Going forward, the EU and the United States should adopt a comprehensive strategy to coordinate their investment procurement and the resilience-enhancing measures of their respective legislative packages. Upgrading the transatlantic cooperation agenda—beyond the current consultations within the Trade and Technology Council on an agreement on clean and deep tech—would be a step in the right direction. Brussels and Washington should also encourage plurilateral deals in the wake of new multilateral rules for trade in clean tech-intensive goods. That means forging partnerships with like-minded countries, such as Australia and Taiwan, within the Climate Club created in December 2022 under the German presidency of the Group of Seven (G7).

At the same time, the EU and the United States need an honest assessment of the impacts of their green packages on global markets. For example, the combined effects of subsidies, export restrictions, domestic content requirements, and limits on intellectual property rights in the NZIA are suboptimal compared with an unrestricted scenario of lowest-cost sourcing. In economic terms, subsidizing domestically based joint ventures and imposing local content requirements are regressive choices. Politically, however, this is the strategy chosen by major players seeking a greener, more tech-intensive future.

To make this approach viable on a multilateral basis, Brussels and Washington should offer gradual phaseouts and compensatory measures to suppliers in developing countries. After decades of EU industrial development through emissions-intensive sourcing from developing countries, production patterns cannot be reoriented without incentives for the EU's developing partners. Beyond the issue of climate justice, this should be a political and economic priority for a union that will always depend on third countries for critical raw materials that are both emissions intensive and key inputs for clean-tech products.

The FDI Screening Mechanism

Adopted in October 2020, the EU's FDI Screening Mechanism moves the governance of FDI inflows to the supranational level to protect national security and public order. More specifically, this coordination mechanism among member states seeks to guard against further expansion of Chinese investment into Europe.¹⁵² The mechanism was particularly welcomed by France, Germany, and Italy, which receive Chinese FDI in high-tech sectors, as the initiative has mitigated their concerns about technology leakages. Conversely, recipients of Chinese FDI in low-tech infrastructure, such as Cyprus, Greece, and Portugal, have resisted the mechanism's adoption for fear of jeopardizing potential future Chinese investment.¹⁵³ As of this writing, twenty-two of the twenty-seven EU member states have established national FDI screening regulations.¹⁵⁴

Contrary to expectations of higher barriers and more red tape, early evidence indicates that the EU mechanism is neither overly restrictive nor burdensome.¹⁵⁵ In addition to successfully blocking several sources of mostly Chinese FDI, the mechanism has been more effective in terms of its economic selectivity than its geopolitical targeting.

The EU's Export Control Regime

The EU has further substantiated its deployment of OSA through two export-related tools. In 2021, the EU updated its export control regime for dual-use items; and in its July 2023 Economic Security Strategy, the union issued a longer, constantly updated list of exports that are subject to controls on national security grounds. The EU has also hardened its restrictions on semiconductors to contain the theft of vital technology and catch up with Beijing in the race for semiconductor development.

In this area, the EU has closely followed the United States, where in 2018 export controls were effective in banning the use by the U.S. government of technology developed by Chinese firms Huawei and ZTE. Since Russia's 2022 invasion of Ukraine, Brussels has aligned itself even more closely with Washington by prohibiting exports of all military supplies to Russia as well as exports of dual-use microelectronics to Russia and its allies. Despite tighter EU-U.S. alignment, however, bilateral ties between the United States and certain EU member states—such as the Netherlands, the main EU producer of semiconductors—indicate that unilateral moves persist despite the EU's regulations.

Overall, combined with closer U.S.-Japan coordination on export controls for semiconductors, the EU's economic balancing has strengthened the transatlantic front against China and Russia. The future strength of this alliance will also depend on the EU's ability to engage South Korean and Taiwanese producers, which have agreed to build new-generation manufacturing plants in the United States, to deter Beijing's coercive practices against Taiwan, the top producer of raw semiconductors and a trusted EU supplier.¹⁵⁶

The Single Market Emergency Instrument

Proposed by the commission in September 2022, the SMEI is the EU's response to the shocks to the European single market that occurred during the COVID-19 pandemic, when member states restricted critical supplies on the grounds of a national emergency. The instrument seeks to enhance the union's preparedness for EU-wide critical shortages.¹⁵⁷ Under the SMEI, the commission can request that companies voluntarily disclose data on critical items if disruption is expected within six months or in the event of a severe disruption. If critical disruptions persist, the EU Council can invoke the so-called dual emergency procedure, under which the commission can request formal justifications from firms that refuse to comply with the EU's binding orders.

The SMEI's expected impact on the single market is ambiguous, however. On the one hand, the commission considers the instrument to be far less ambitious than crisis-management tools adopted by the EU's partners, such as the U.S. Defense Production Act, which has been in force since 1950 and regularly updated during crises since. On the other hand, the commission has highlighted the SMEI's relevance as a permanent guard against member states' protectionism in the European single market.¹⁵⁸

Critics, on the contrary, have lamented the commission's lack of expertise and sectoral knowledge needed to interact effectively with players in complex supply chains, particularly in critical conditions.¹⁵⁹ Instead of supporting a more resilient and effective internal market, the SMEI may therefore fuel member states' resistance and encourage bureaucratic battles within the EU. Overall, while enhancing the union's autonomy from the United States, the SMEI puts the EU on a par with several of its partners. As such, the instrument is a catch-up response rather than an assertive display of protectionist dirigisme.

The Foreign Subsidies Regulation

The FSR, which came into force in July 2023, extends the EU rules on state aid to foreign entities that subsidize non-EU companies or intermediaries that carry out certain economic activities in the EU. As a bold move toward greater European autonomy, the FSR addresses a rise in distortive subsidies entering the EU not only from nonmarket economies, most notably China, but also from the United States. Modeled as an instrument of competition policy, the FSR is nonetheless geared toward the EU's external counterparts. The regulation's

reach is both deep and broad: It potentially applies to any step in a foreign public procurement process, covers all sectors, and includes multiple undertakings, such as concessional loans, unlimited guarantees, and capital injections.

The FSR is likely to increase the EU's autonomy from the United States because it endows the union with its own mechanism to scrutinize foreign subsidies. Together with the EU's digital and green regulations, the FSR should counterbalance U.S. support for companies that invest in the EU under the Inflation Reduction Act. While essentially a defensive tool, the FSR will allow Brussels to negotiate with Washington on a more equal footing, including when it comes to revising WTO regulations on foreign subsidies. Joint—or, at least, coordinated—action to redefine the rules on foreign procurement systems would be compatible with the WTO Agreement on Subsidies and Countervailing Measures (SCM).

However, a sustainable FSR requires the EU to step up its financial commitments and expertise. The EU task force dedicated to the FSR comprises only five staffers, even though the commission had originally envisaged that 145 positions would be needed to make the regulation fully operational.¹⁶⁰

The Anticoercion Instrument

In force since December 2023, the ACI raises the EU's ambitions in the field of OSA. Amid the prolonged stalemate at the WTO Appellate Body, WTO rules allow the organization's members to adopt countermeasures against partners that do not comply with the adjudication of a WTO panel. The ACI empowers the union to anticipate and respond to economic coercion, which the EU defines as existing “where a third country applies or threatens to apply a third-country measure affecting trade or investment in order to prevent or obtain the cessation, modification or adoption of a particular act by the Union or a Member State, thereby interfering in the legitimate sovereign choices of the Union or a Member State.”¹⁶¹

This wording clarifies the instrument's intent, which is to allow mercantilist reactions to potential or actual mercantilist practices by others against the EU or its members. The ACI therefore permits compensatory restrictions in response to economic pressure by third countries against the union. In other words, the ACI, which is defensive in nature, seeks to contain the influence of aggressive third-country policies.¹⁶² As the instrument's proponents have noted, the ACI is in fact a tool of deterrence and has maximum value when it is not used.¹⁶³ If employed in this way, the instrument should be activated only in critical situations short of outright trade wars. Yet, as defensive tools can lead to offensive action when conditions worsen, the EU should guard against both preemptive and preventive uses of the ACI in the event of an actual trade war.

Restrictive countermeasures under the ACI would certainly reduce global openness. Unlike anti-China measures by the United States, the ACI is not country specific and does not have safeguards to exempt allies and target nonmarket economies. Overall, the instrument

enhances the EU's autonomy from the United States. In most respects, though, the ACI is a reactive move: EU officials have stated that one of the instrument's triggers was the United States' aggressive reliance on Section 301 of the 1974 U.S. Trade Act, which authorizes an extensive range of measures in response to certain foreign trade practices.

In fact, the EU's approximation to the U.S. anticoercion approach would be in Washington's interests. A stronger and more resilient EU is essential to counter economic intimidation from China. From an EU perspective, the ACI can be regarded as an insurance mechanism should the United States become less open on the grounds of domestic policy. If the ACI is successfully employed as a deterrent and in cooperation with a like-minded U.S. administration, Brussels and Washington could greatly enhance their anticoercion synergies against Beijing and Moscow.

Internally, the ACI marries EU trade and security policies and could lead to an expansion of the commission's powers into areas that currently fall under the EU's intergovernmental Common Foreign and Security Policy (CFSP), which sits under the purview of the EU Council. Like the SMEI, the ACI establishes the commission and the council as parties in a complex process that involves the selective triggering of different phases. While giving the commission extensive authority, the ACI entails multiple interactions between the EU institutions, whereas decisions made under the CFSP exclude the commission and may be faster in critical circumstances.

Compliance With Multilateral Rules

The second dimension of the EU's panoply of OSA-related instruments is their impact on the EU's choice of negotiation forums and, in particular, their compatibility with multilateral trade rules. There are inherent tensions between the initiatives motivated by the EU's willingness to enhance OSA, on the one hand, and the multilateral order, which the EU has traditionally championed, on the other.

The Carbon Border Adjustment Mechanism

Various actors, such as India's Minister of Finance Nirmala Sitharaman, have criticized CBAM for being a green protectionist policy disguised as climate action.¹⁶⁴ In response, the EU argues that the mechanism is not a protectionist measure because its pricing will be the same as that imposed by the EU on domestic industries, so local and foreign products will be treated equally.¹⁶⁵ According to the WTO's most-favored-nation principle, an importer should apply equal treatment to any given imported product, regardless of its origin. But CBAM applies different treatment based on each import's carbon content. In addition, inconsistencies between CBAM and the distribution of emissions allowances under the EU's Emissions Trading System could create concerns about the mechanism's compliance with WTO rules.

CBAM could also have negative economic and developmental impacts on third countries.¹⁶⁶ This risk is particularly acute for developing and least developed countries whose exports to the EU either play a significant role in their economies or are major sources of income in sectors covered by the mechanism. In addition, developing and least developed countries tend to have more carbon-intensive economies than developed nations and often lack advanced, low-carbon production methods; as a result, they may lose their competitive advantages over their developed counterparts.

What is more, CBAM places an obligation on exporting companies to report the amount of emissions generated during the production processes of affected exports. This requirement has the potential to put additional burdens on the private sectors of certain developing or least developed countries, as their administrative and statistical capacities are more limited than those of developed nations. CBAM's disproportionately negative impacts on certain developing and least developed countries are also contrary to the principle of common but differentiated responsibilities, which asserts that the burden of climate change mitigation should be distributed equitably, taking into account nations' levels of development.

The Critical Raw Materials Act

The CRMA provides financial support and incentives to EU-based companies—an arrangement that could be seen as discriminating against foreign firms. The WTO's SCM Agreement prohibits subsidies that are contingent on the use of domestic over imported goods or are limited to certain enterprises or industries. The CRMA's support for EU-based companies may be seen as a violation of these rules.

There are also several concerns and criticisms about the CRMA's environmental and social justice implications. One of these concerns stems from the act's lack of a global justice approach to international partnerships. The CRMA's focus on supply security could jeopardize sustainability standards in international investments, the participation of civil society, and the protection of human rights, especially for local populations. To prevent these potential risks, the act should be accompanied by monitoring mechanisms and regulations that ensure civil society participation and transparency.¹⁶⁷ Additionally, the act's streamlined procedures for greenlighting critical raw materials projects in the EU could increase environmental and health risks and decrease public participation by shortening the time frames of important procedures, such as environmental evaluations.¹⁶⁸

The European Chips Act

It could be argued that the European Chips Act violates several key WTO principles and, as such, may be incompatible with multilateral trade rules. Four aspects stand out.

First, the act provides financial support and incentives for companies that produce microchips in the EU. This could be seen as a form of local content requirement, which is prohibited under WTO rules. The organization's Agreement on Trade-Related Investment Measures (TRIMs) forbids provisions that require the use of domestic content, the export of domestic goods, or the substitution of domestic goods for imported ones. More generally, the act's support for EU-based companies could also be seen as discriminatory against foreign companies and therefore a violation of the WTO's SCM Agreement.

Second, the act includes provisions that restrict the export of certain types of microchip, particularly those used in critical infrastructure, such as energy, transportation, and health care. These provisions could be interpreted as a breach of the Agreement Establishing the WTO and the General Agreement on Trade in Services (GATS), which prohibit restrictions on the export of goods and services, except in certain circumstances.

Third, the act's provisions on intellectual property rights could be seen as a violation of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which sets out the rules for the protection of patents, copyrights, and trademarks. The act could potentially violate the TRIPS Agreement by limiting the ability of foreign companies to protect their intellectual property rights in the EU.

Fourth, the act could be understood as a protectionist measure that carries the risk of a trade war, this time between allies. Europe, Japan, South Korea, Taiwan, and the United States may seek to outbid each other with ever-larger subsidy handouts to entice global companies to make new investments. The results would be the duplication of supply chains among allies, inefficiencies in global semiconductor production, a waste of taxpayers' money, and a race to the bottom that would be incompatible with WTO guidelines.¹⁶⁹ The paradox is that the success of the European Chips Act will be measured against the backdrop of a zero-sum mentality, including among Europe's geopolitical allies. According to a 2022 report by the Brookings Institution, approximately \$164 billion of semiconductor capital expenditure is required to achieve the EU's ambition of a 20 percent share of the global market by 2030.¹⁷⁰

The Net-Zero Industry Act

Like the CRMA and the European Chips Act, the NZIA provides financial support and incentives for EU-based companies, which could be seen as discriminating against foreign firms and a violation of the SCM Agreement. Critics see the NZIA's target for the EU to become 40 percent self-sufficient in the manufacturing of strategic net-zero technologies by 2030 as a protectionist signal.¹⁷¹

The act also requires that a certain percentage of the value of renewable energy equipment be produced in the EU. This could be seen as a local content requirement, which is prohibited under the TRIMs Agreement, which forbids measures that require the use of domestic content or limit the participation of foreign investors in a particular sector.

Further provisions in the NZIA restrict the export of certain renewable energy technologies, such as solar panels and wind turbines, to countries that do not have free-trade agreements with the EU. These provisions could violate article 11 of the General Agreement on Tariffs and Trade (GATT), which prohibits export restrictions that are not based on legitimate reasons, such as conservation or national security.

The NZIA also includes clauses that restrict the use of certain intellectual property rights, such as patents and trademarks, for renewable energy technologies. These provisions could be seen as a breach of the TRIPS Agreement.

Finally, there is a growing concern that the NZIA might trigger an intra-EU subsidies race because the act lacks provisions that encourage cooperation among member states. Similarly, there are fears that together, the NZIA and the U.S. Inflation Reduction Act could lead to a subsidies race between the EU and the United States. Therefore, instead of accelerating decarbonization, the transatlantic partners' increased subsidies and protectionist policies risk slowing decarbonization efforts and raising the costs of necessary materials and components globally.¹⁷²

The FDI Screening Mechanism

The FDI Screening Mechanism applies only to non-EU investors and, as such, could be seen as a violation of the GATS, which states that countries must not discriminate against foreign services or service providers, including investors.

The mechanism gives the EU the power to restrict or prohibit foreign investments in sensitive sectors, such as critical infrastructure and critical technologies. This power could be understood as a violation of the TRIMs Agreement, which prohibits restrictions on the movement of capital and investment, except in certain circumstances.

Although the mechanism applies to foreign investments in the EU, it could be seen as extending to investments outside the bloc. For example, it could be interpreted as applying to EU-based subsidiaries of non-EU companies, or to investments in non-EU countries that have a link to the EU. This arrangement could be seen as a breach of the TRIPS Agreement, which forbids extraterritorial application of intellectual property rights, again except in certain circumstances.

The EU's Export Control Regime

Historically, the United States and the EU have been the main proponents and guardians of a multilateral, rules-based order with the WTO as the main forum for resolving problems and disputes in international economic relations. However, both actors have consistently used trade and economic relations as an effective geopolitical tool in the form of unilateral

and geostrategic sanctions. To be permitted under WTO rules, such measures need to be condoned as exceptions that are justified by national security concerns. WTO panels have so far had limited experience in interpreting the scope of these exceptions.

The new era of global geopolitical tension has rekindled interest in export controls. After a hiatus of almost twenty-five years, the WTO has handled four such cases since 2021, including when a WTO panel rejected the United States' invocation of article 21 of the GATT in disputes brought by China, Norway, Switzerland, and Turkey.¹⁷³ So far, the WTO approach has proved to be much more restrictive than the trend in both the United States and the EU toward expanding the scope of export controls. This situation raises the question of how compatible these measures are with WTO rules.¹⁷⁴

As export controls remain a gray area under WTO rules, increased reliance on these instruments will trigger criticism that the United States and the EU are becoming more inclined to impose unilateral measures based only on their own assessments and with too broad a definition of national security.

The Single Market Emergency Instrument

The WTO's most-favored-nation principle requires that the organization's members treat all other members equally and in the same way as they treat their closest trading partners. The EU's use of the SMEI could be seen as a violation of this principle if the instrument is deemed to discriminate against certain countries or industries. If deployed in a protectionist or discriminatory way, the instrument could also be interpreted as a breach of article 21 of the GATT, which allows WTO members to take emergency measures to protect their domestic industries but only in limited circumstances.

The WTO's Agreement on Import Licensing Procedures includes a requirement that such procedures be transparent, predictable, and fair. The SMEI could therefore be seen as a violation of this agreement if it is deemed to be opaque, unpredictable, or unfair.

Meanwhile, the WTO's Agreement on Technical Barriers to Trade requires that technical regulations be based on relevant international standards and not create unnecessary obstacles to trade. The SMEI could thus be seen as a breach of article 3 of this agreement if the instrument is found to create unnecessary obstacles to trade or be based on noninternational standards.

The Foreign Subsidies Regulation

At present, trade-distorting aspects of subsidies are covered by the WTO's SCM Agreement. The scope of the FSR, however, goes beyond this agreement, and there are no binding multilateral rules on the nexus between subsidy regimes and domestic investments. In addition, while the WTO has specific rules on subsidies, these generally apply only to goods and do not cover services.¹⁷⁵

The Anticoercion Instrument

The essentially mercantilist nature of the ACI—a selectively restrictive economic tool in service of broader, political-economic goals—counters the free-trade philosophy that permeates all WTO regulations. The instrument has its origins in the current decade-long paralysis in the WTO Appellate Body. The ACI’s creation of a substitute mechanism for mediation between affected EU member states and alleged third-party infringers and a sanctions procedure may appear to signal an end to the multilateral apparatus built by WTO members.

In response to these criticisms of the ACI, the EU has argued that the instrument’s mechanisms deal specifically with cases of economic coercion not covered by WTO rules and agreements, and that the ACI is a different tool that addresses illegal economic coercion.¹⁷⁶ However, the stage at which economic coercion becomes illegal is a highly controversial issue in international law. One of the main problems in this regard is the lack of a clear definition of what even constitutes economic coercion. As a result, concepts such as intervention, interference, and coercion are used in different and varied ways in international law.

In addition, international court rulings on this issue have held that certain actions that the EU defines as economic coercion do not violate the principle of nonintervention, which prohibits states from intervening in the affairs of others.¹⁷⁷ In a case between Nicaragua and the United States, the International Court of Justice found that economic coercion by the United States, including trade embargoes and the suspension of aid, did not breach this principle.¹⁷⁸ As a result, economic coercion by means of trade and investment restrictions does not necessarily constitute illegal intervention.

Toward Increased EU Autonomy

The EU’s pursuit of OSA is leading the union toward increased autonomy from the United States. Furthermore, OSA-related measures espouse a clear preference for unilateral, bilateral, or minilateral schemes over WTO-based multilateralism, resulting in lower levels of openness than in the past.

Through OSA, the EU has carved out a more autonomous role from the United States in green policies while embracing a more adaptive approach in traditional trade and industrial policies. Moving forward, increased EU autonomy—punctuated by occasional frictions but grounded in general agreement with the United States on broad objectives—appears the most likely scenario. The EU remains on a course of reluctant geopoliticization based on an ostensible preference for multilateralism but in reality pursued through unilateral, bilateral, or minilateral solutions.¹⁷⁹

The EU as a Responsible Climate Leader

Through CBAM, the EU's shift from a reactive follower to a more proactive player shows that there is space for a more assertive EU role in global climate policies. The impact of the mechanism, however, depends on the union's ability to widen its coalition options beyond the transatlantic partnership. To minimize CBAM's incompatibility with core WTO norms, Brussels should ensure that the mechanism complies with the GATT provisions on special and differential treatment, which give developing countries special rights and allow other WTO members to treat them more favorably.

At the same time, the EU should introduce targeted carbon-financing schemes, including through the Global Gateway, to compensate developing exporters during CBAM's transition phase. Such targeting would not only strengthen the EU's image as a responsible climate leader but also enhance the union's reach toward potential new partners and major exporters of carbon-intensive goods, including Egypt, India, Kazakhstan, Mozambique, and South Africa.

Financial support for decarbonization could mitigate criticisms of EU double standards when it comes to Ukraine, which is a major carbon-intensive exporter to the union but is currently exempt from CBAM, unlike the bloc's developing partners. Overall, coupling CBAM with compensatory measures for developing exporters could advance the EU's economic and strategic goals as well as its objective of a green and just transition. If China aligns with the EU by adopting its own domestic emissions-trading system, Brussels could fine-tune CBAM and become a global leader on decarbonization, exerting pressure on both Washington and Beijing.

However, if CBAM, the CRMA, the European Chips Act, and the NZIA are to jointly advance green transitions worldwide, the EU needs to make a bigger effort to realize its potential as a green and just coalition leader. This requires a twofold strategy of bargaining with the United States for a more ambitious approach to global equitable development, on the one hand, and prioritizing Global Gateway resources for green projects, on the other.

As in global development finance, excellent internal coordination will be needed if the EU is to lead multilevel, multiactor initiatives to promote clean transitions.¹⁸⁰ Yet, this effort appears worth making: The combination of a solid EU-U.S. partnership and an EU-led green coalition that includes targeted developing partners may be crucial if the U.S.-China rivalry hardens further. The economic, environmental, and strategic implications of such a repositioning may prove vital for the future of Europe.

The EU as a Third Economic Pole

Similarly, the early impacts of the EU's OSA-related trade and investment measures also indicate that Brussels may strengthen its role as a third pole beyond the U.S.-China duopoly in the global political economy. The ACI provides the union with unprecedented authority

to deter third countries' economic manipulation and retaliate against distortive practices, even before a case has been concluded at the WTO. The SMEI, meanwhile, should manage the domestic implications of disruptions in complex critical supply chains, empowering the EU Council and the commission to deal with sudden shortages through an EU mechanism.

The FDI Screening Mechanism, the EU's export control regime, and the FSR are also expected to lead to enhanced EU capacity, but in the form of greater loyalty to the United States rather than more independence as a third pole. As mostly reactive moves to catch up with established U.S. practices, these instruments are likely to enable the EU's alignment with the United States' top foreign policy priority of outcompeting China in the global race for technological and, ultimately, security primacy.

Most of the EU trade and investment instruments discussed in this chapter are partly or even fully contrary to existing WTO rules. The EU's green-tech tools, however, are similar to their U.S. counterparts and may provide a basis from which the EU and the United States can deepen their dialogue on revising current WTO regulations.

Some measures, such as the FDI Screening Mechanism and the export control regime, may reduce the EU's internal cohesion and increase fragmentation—or even escalate state- or company-specific disagreements over their intended goals to the global level, with potentially destabilizing effects.¹⁸¹ Although unlikely at the moment, a scenario of outright fragmentation is a possible outcome of the competitive dynamics that have emerged among EU member states when it comes to green-tech initiatives. Under the NZIA, the European Chips Act, and the CRMA, the challenges of scarce funds, embryonic strategies, and the lack of an EU-wide procurement system, respectively, have raised major concerns within the EU.¹⁸²

Further worries stem from the commission's lack of in-house expertise to implement crisis-management tools for complex supply chains, meet the private sector's many demands, and ensure effective coordination with the EU Council. These challenges have exposed the risk that the SMEI, the FSR, and the ACI may harm the EU's internal cohesion. While the aim of these instruments is to attract foreign partners and forge alliances between EU producers and non-EU suppliers, Brussels will have to carefully assess the risks that arise from the union's internal differences.

A fragmented EU would weaken support for rules-based economic governance and mean greater global instability. In the short term, international economic regulations will become more heterogeneous and more complex. More global exchanges than ever before now involve countries that are aligned neither with the West nor with China, as evidenced by a 2024 International Monetary Fund (IMF) study, so any steps the West can take to increase the traction of transparent, rules-based governance are particularly important.¹⁸³ For any meaningful economic activity, the worst possible outcome in a contested global context is regulatory uncertainty.

The Implications of Selective Protectionism

The EU is overhauling OSA-related policies across different domains, from trade to climate change, to better equip itself to respond to perceived geopolitical needs. As highlighted by Giovanni Grevi and Richard Youngs in this compilation, the EU has started to devise a different kind of economic statecraft in which geopolitical factors increasingly shape economic policies.¹⁸⁴

Except for specific initiatives, most notably CBAM in the broader context of the European Green Deal, OSA policies substantiate Brussels's adaptive response to distortive practices, especially from China, and regulatory changes, particularly from the United States. Mostly defensive in nature, these policies embody a catch-up approach that in principle aligns the union with the United States, rather than widening the distance between Brussels and Washington.

The EU's policy shift to a more assertive version of selective protectionism, while potentially incompatible with WTO regulations, is rules based and more transparent than most protectionist measures adopted by nonmarket economies. This not only makes the EU's approach more actionable but also means it represents a sensible strategy for the EU amid the politicization of economic exchanges and the militarization of long-standing geostrategic cleavages.

Only by relying on solid instruments to protect its internal market and promote its competitiveness can the EU minimize its vulnerabilities to the further weaponization of interdependencies by China. Similarly, only by negotiating from a position of relative strength can Brussels exert influence on Washington to begin a review of the WTO system and engage developing partners in a shared effort to advance multilateral solutions fit for the twenty-first century.

At the same time, the shift in EU policies has taken place in an environment that has tended to downplay the external reactions to this transformation. In this respect, two issues are especially salient. The first relates to the EU's traditional position as the champion of the multilateral trading system. Even more so than the United States, the EU has distinguished itself as the economic power intent on maintaining and consolidating this multilateralism. Thus, the EU's possible departure from multilateral norms is an area of concern for many nations eager to protect these rules.

A second and related issue is the perception that the modernization of the EU's legal and regulatory arsenal—allegedly to prepare the EU to better deal with a more challenging geopolitical order—in fact amounts to trade protectionism in disguise. For instance, many least developed countries have labeled the EU's CBAM “green protectionism.”¹⁸⁵ Going forward, the union should become more receptive to these concerns, especially in the context of its evolving relationships with the Global South. To address these issues, the EU should consider a holistic strategy that combines a political track and a policy track.

Political Objectives

With respect to politics, the EU's first objective should be to recast OSA as a beacon for like-minded countries. In doing so, the union's aims should be to increase the reach of its coalitions and to maximize the benefits of selective partnerships. In addition to the United States, the UK, and other long-standing partners, such as Australia, Canada, and Japan, the list of like-minded nations includes Indo-Pacific states such as India, South Korea, and Vietnam.¹⁸⁶

This objective entails not only building wider coalitions but also paying particular attention to the multiple cleavages over OSA, both within the EU and when it comes to the concept's external projection. EU policymakers will have to engage foreign interlocutors to weave shared strategies for mutually beneficial goals. This effort should involve political partners, particularly Australia, Japan, and the United States, especially in strategic sectors, such as dual-use technologies, semiconductors, and critical raw materials. Crucially, the success of the EU's assertive projection of OSA also depends on the degree of convergence that will materialize with the policies of the post-2024 U.S. administration.

The second objective of the political track should be to engage in high-level political discussions, in a bilateral or plurilateral format, with leading members of the Global South. The aim would be to foster a mature deliberation of the ongoing transformation of the EU's approach. The trap to avoid is Western-centrism: It would be a dangerous fallacy for the EU to assume that its political initiatives will be accepted by the rest of the world merely because they are justified by moral and ethical considerations, like fighting climate change or preventing social dumping.

This connection has been established among the European policy community and European public opinion; EU leaders now need to make the case convincingly to a global audience. This thought leadership should also aim to engage the U.S. policy community, given how potentially damaging certain U.S. initiatives—such as the U.S. CHIPS and Science Act, with its large reliance on domestic subsidies, or the increased use of Section 301 investigations—can be to the integrity of the multilateral regime.

Policy Goals

The policy track, in turn, should involve a work agenda focused on identifying possible revisions to multilateral rules. Many nations are moving to enact domestic measures on the basis of geopolitical considerations that are not necessarily compatible with those nations' commitments to multilateral norms. In many respects, the WTO rules that were adopted in the unipolar international system of the early 1990s now appear out of sync with today's competitive, multipolar, and ideologically heterogeneous context.

At present, there is no real effort to foster a policy dialogue that will address this thorny question. The panoply of geopolitically motivated domestic measures seems to reflect strong

political tendencies in the West and beyond. These measures are likely to remain in force even if they are largely incompatible with multilateral norms. Reforming these norms is therefore vital to protect the integrity of multilateralism.

This agenda should focus on four elements. The first is reform of domestic subsidy regulations to carve out space for so-called good subsidies. The idea of such subsidies is that provided they could be justified by an accepted set of shared objectives, such as climate change mitigation or other collective aims, they would be impossible to countervail, even if they created trade distortions.¹⁸⁷

Second, while proponents of the green transition should take the accusation of green protectionism seriously, the WTO will have to adapt to the greener trade and production needs of the twenty-first century. This could be done by providing for an exception under article 20 of the GATT to allow selective carbon tariffs and targeted domestic sourcing of clean tech-intensive goods.¹⁸⁸

The third element is a reinterpretation of core WTO norms, such as special and differential treatment, the dispute settlement framework, and the national security exemption. The WTO allows exceptions to its trade rules for national security emergencies, but such exceptions have been abused several times in the past, most recently in the U.S.-China trade war and by the first Trump administration's aggressive mercantilist approach to U.S.-EU relations.¹⁸⁹ Indeed, maintaining a multilateral rule on national security exceptions to free trade may prove unrealistic in the current context. Instead, the increased geopoliticization of economic exchanges and the intensification of conflicts on the EU's borders and at strategic trade choke points push the union toward more limited goals. A bilateral EU-U.S. consensus and support from other transatlantic partners for a revision of WTO regulations would be steps in the right direction.

Finally, the EU should be more confident in pursuing openings toward new partners in emerging market economies. Now and in the future, the cooperation of such partners is vital to ensure continuous innovation, stable supply chains, and EU access to critical markets. In return, the EU will have to offer wider and fairer—although still selective—market access to Indo-Pacific partners while incorporating China in green efforts downstream. A group led by the EU and the United States could steer the course toward greener, more open technologies and catalyze a wider, gradually more inclusive group of green exporters in line with the United Nations Sustainable Development Goals. However, the EU should still carefully select its partners based on its political priorities, not only to balance China, but also to avoid economic emasculation by the United States and distance the union from coercive actors.



About the Authors

Rosa Balfour is the director of Carnegie Europe.

Sinan Ülgen is a senior fellow at Carnegie Europe.

Eugenia Baroncelli is an associate professor of political science in the Department of Political and Social Sciences at the University of Bologna.

Lizza Bomassi is a research analyst on the Indo-Pacific at the EU Institute for Security Studies and a former deputy director of Carnegie Europe..

Raluca Csernatoni is a fellow at Carnegie Europe.

Andreas C. Goldthau is Franz Haniel professor of public policy in the Willy Brandt School of Public Policy at the University of Erfurt.

Giovanni Grevi is a senior fellow in the Centre for Security, Diplomacy, and Strategy of the Brussels School of Governance at the Vrije Universiteit Brussel (VUB).

Catherine Hoeffler is an associate professor and director of the Sidjanski Center in European Studies at the Global Studies Institute, University of Geneva.

Erik Jones is a nonresident scholar at Carnegie Europe.

Pavi Prakash Nair is a development coordinator and research assistant at Carnegie Europe.

Richard Youngs is a senior fellow in the Democracy, Conflict, and Governance Program, based at Carnegie Europe.

Notes

- 1 Henry Farrell and Abraham L. Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion,” *International Security* 44, no. 1 (2019): 42–79, <https://doi.org/10.1162/isec.a.00351>.
- 2 Richard Higgott and Simon Reich, “The Age of Fuzzy Bifurcation: Lessons From the Pandemic and the Ukraine War,” *Global Policy* 13, no. 5 (2022): 627–639, <https://doi.org/10.1111/1758-5899.13141>.
- 3 “Discours du Président de la République sur l’Europe à la Sorbonne” [Speech by the President of the Republic on Europe at the Sorbonne], Élysée Palace, April 25, 2024, <https://www.elysee.fr/front/pdf/elysee-module-22625-fr.pdf>.
- 4 Philip Blenkinsop, “Draghi Urges EU to Catch Up Rivals or Face ‘Slow Agony,’” Reuters, September 9, 2024, <https://www.reuters.com/markets/europe/draghi-urges-reform-massive-investment-revive-lagging-eu-economy-2024-09-09/>.
- 5 “European Council Meeting (27 June 2024) – Conclusions,” European Council, June 27, 2024, <https://www.consilium.europa.eu/media/qa3lbg/a/euco-conclusions-27062024-en.pdf>.
- 6 Enrico Letta, “Much More Than a Market,” Council of the European Union, April 2024, <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>; and “The Future of European Competitiveness: Part A | A Competitiveness Strategy for Europe,” European Commission, September 2024, https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The%20future%20of%20European%20competitiveness%20%20A%20competitiveness%20strategy%20for%20Europe.pdf.
- 7 Kathleen R. McNamara, “Transforming Europe? The EU’s Industrial Policy and Geopolitical Turn,” *Journal of European Public Policy* 31, no. 9 (2024): 2371–2396, <https://doi.org/10.1080/13501763.2023.2230247>.
- 8 John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (London: Macmillan, 1936); E. H. Carr, *The Twenty Years’ Crisis, 1919-1939* (London: Macmillan, 1981); Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 2001); and Gunnar Myrdal, *An International Economy: Problems and Prospects* (New York: Harper & Brothers, 1956).
- 9 Charles P. Kindleberger, *The World in Depression, 1929-1939* (Berkeley: University of California Press, 1986).
- 10 John Gerard Ruggie, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,” *International Organization* 36, no. 2 (1982): 379–415.
- 11 Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984).
- 12 David P. Calleo, *Beyond American Hegemony: The Future of the Western Alliance* (New York: Basic Books, 1987).

- 13 Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence* (London: Pearson, 2011).
- 14 Susan Strange, *Casino Capitalism* (London: Basil Blackwell, 1986).
- 15 Richard N. Cooper, *The Economics of Interdependence: Economic Policy in the Atlantic Community* (New York: McGraw Hill, 1968).
- 16 Robert Gilpin, *U.S. Power and the Multinational Corporation: The Political Economy of Foreign Direct Investment* (New York: Basic Books, 1975).
- 17 Lloyd Gruber, *Ruling the World: Power Politics and the Rise of Supranational Institutions* (Princeton: Princeton University Press, 2000).
- 18 Daniel Gros and Niels Thygesen, *European Monetary Integration: From the European Monetary System to Monetary Union* (London: Longman, 1992); and Jacques Pelkmans, "The New Approach to Technical Harmonization and Standardization," *Journal of Common Market Studies* 25, no. 3 (1987): 249–269.
- 19 Nicolas Jabko, *Playing the Market: A Political Strategy for Uniting Europe, 1985-2005* (Ithaca: Cornell University Press, 2006).
- 20 Robert O. Keohane and Stanley Hoffmann, eds., *The New European Community: Decisionmaking and Institutional Change* (Boulder: Westview, 1991).
- 21 Lora Anne Viola, *The Closure of the International System: How Institutions Create Political Equalities and Hierarchies* (Cambridge: Cambridge University Press, 2020).
- 22 Raúl Prebisch, "The Economic Development of Latin America and Its Principal Problems," *Economic Bulletin for Latin America* 7, no. 1 (1962): 1–22; and Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979).
- 23 Robert W. Cox, "Ideologies and the New International Economic Order: Reflections on Some Recent Literature," *International Organization* 33, no. 2 (1979): 257–302.
- 24 Gruber, *Ruling the World*.
- 25 Viola, *The Closure of the International System*.
- 26 Elinor Ostrom, *Understanding Institutional Diversity* (Princeton: Princeton University Press, 2005).
- 27 John Williamson, "A Short History of the Washington Consensus," *Law and Business Review of the Americas* 15, no. 1 (2009): 7–26, <https://scholar.smu.edu/lbra/vol15/iss1/3>.
- 28 Paul Blustein, *The Chastening: Inside the Crisis That Rocked the Global Financial System and Humbled the IMF* (New York: Public Affairs, 2003).
- 29 Richard Bookstaber, *A Demon of Our Own Design: Markets, Hedge Funds, and the Perils of Financial Innovation* (London: Wiley, 2008).
- 30 Manuela Moschella, *Governing Risk: The IMF and Global Financial Crises* (London: Palgrave Macmillan, 2010).
- 31 Nancy Cartwright and Jeremy Hardie, *Evidence-Based Policy: A Practical Guide to Doing It Better* (Oxford: Oxford University Press, 2012).
- 32 André Sapir, "Globalization and the Reform of European Social Models," *Journal of Common Market Studies* 44, no. 2 (2006): 369–390, <https://doi.org/10.1111/j.1468-5965.2006.00627.x>.
- 33 Thomas Philippon, *The Great Reversal: How America Gave Up on Free Markets* (Cambridge: Harvard University Press, 2019).
- 34 Sophie Meunier, *Trading Voices: The European Union in International Commercial Negotiations* (Oxford: Oxford University Press, 2005).
- 35 Tony Clarke, "Taking on the WTO: Lessons From the Battle of Seattle," *Studies in Political Economy* 62, no. 1 (2000): 7–16, <http://dx.doi.org/10.1080/19187033.2000.11675238>.
- 36 Alasdair R. Young and John Peterson, "The EU and the New Trade Politics," *Journal of European Public Policy* 13, no. 6 (2006): 791–810, <https://doi.org/10.1080/13501760600837104>.

- 37 Alasdair R. Young and John Peterson, *Parochial Global Europe: 21st Century Trade Politics* (Oxford: Oxford University Press, 2014).
- 38 Keynes, *The General Theory*, 382.
- 39 Cas Mudde, “The Populist Zeitgeist,” *Government and Opposition* 39, no. 4 (2004): 541–563, <https://doi.org/10.1111/j.1477-7053.2004.00135.x>.
- 40 Young and Peterson, *Parochial Global Europe*.
- 41 Veronica Anghel and Erik Jones, “The Transatlantic Relationship and the Russia-Ukraine War,” *Political Science Quarterly* (2024), <https://hdl.handle.net/1814/76987>.
- 42 Blustein, *The Chastening*.
- 43 Guillermo A. Calvo, “Capital Flows and Capital Market Crises: The Simple Economics of Sudden Stops,” *Journal of Applied Economics* 1, no. 1 (1998): 35–54, <https://doi.org/10.1080/15140326.1998.12040516>.
- 44 Blustein, *The Chastening*.
- 45 Martin Wolf, *Fixing Global Finance: How to Curb Financial Crises in the 21st Century* (New Haven: Yale University Press, 2009).
- 46 Gordon S. Smith, “G7 to G8 to G20: Evolution in Global Governance,” Centre for International Governance Innovation, May 2011, <https://www.cigionline.org/sites/default/files/g20no6-2.pdf>.
- 47 Blustein, *The Chastening*.
- 48 Erik Jones, “Shifting the Focus: The New Political Economy of Global Macroeconomic Imbalances,” *SAIS Review of International Affairs* 29, no. 2 (2009): 61–73, <https://doi.org/10.1353/sais.0.0055>.
- 49 Robert McDougall, “The Crisis in WTO Dispute Settlement: Fixing Birth Defects to Restore Balance,” *Journal of World Trade* 52, no. 6 (2018): 867–896, <http://dx.doi.org/10.54648/TRAD2018038>.
- 50 Henry Farrell and Abraham L. Newman, *Underground Empire: How America Weaponized the World Economy* (New York: Henry Holt and Company, 2023).
- 51 Maarten Prak and Jan Luiten van Zanden, *Pioneers of Capitalism: The Netherlands 1000–1800* (Princeton: Princeton University Press, 2022); and Michael Sonenscher, *Capitalism: The Story Behind the Word* (Princeton: Princeton University Press, 2022).
- 52 Quentin Bruneau, *States and the Masters of Capital: Sovereign Lending, Old and New* (New York: Columbia University Press, 2022).
- 53 Gottfried Leibbrandt and Natasha de Terán, *The Pay Off: How Changing the Way We Pay Changes Everything* (London: Elliot & Thompson, 2021).
- 54 Henry Farrell and Abraham L. Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion,” *International Security* 44, no. 1 (2019): 42–79, https://doi.org/10.1162/isec_a_00351.
- 55 Calleo, *Beyond American Hegemony*.
- 56 Erik Jones and Andrew Whitworth, “The Unintended Consequences of European Sanctions on Russia,” *Survival* 56, no. 5 (2014): 21–30, <http://dx.doi.org/10.1080/00396338.2014.962797>.
- 57 Farrell and Newman, *Underground Empire*.
- 58 Farrell and Newman, “Weaponized Interdependence.”
- 59 Anghel and Jones, “The Transatlantic Relationship.”
- 60 Franco Mosconi, *The New European Industrial Policy: Global Competitiveness and the Manufacturing Renaissance* (London: Routledge, 2015).
- 61 Erik Jones, “Introduction,” *International Affairs* 80, no. 4 (2004): 587–593, <https://doi.org/10.1111/j.1468-2346.2004.00405.x>.
- 62 McNamara, “Transforming Europe?”; and Sarah Bauerle Danzman and Sophie Meunier, “The EU’s Geoeconomic Turn: From Policy Laggard to Institutional Innovator,” *Journal of Common Market Studies* 62, no. 4 (2024): 1097–1115, <https://onlinelibrary.wiley.com/doi/full/10.1111/jcms.13599>.

- 63 Salman Ahmed and Rozlyn Engel (eds.), “Making U.S. Foreign Policy Work for the Middle Class,” Carnegie Endowment for International Peace, September 23, 2020, <https://carnegeendowment.org/research/2020/09/making-us-foreign-policy-work-better-for-the-middle-class?lang=en>.
- 64 Sebastian Heidebrecht, “From Market Liberalism to Public Intervention: Digital Sovereignty and Changing European Union Digital Single Market Governance,” *Journal of Common Market Studies* 62, no. 1 (2024): 205–223, <https://doi.org/10.1111/jcms.13488>; and Daniel Fiott, “From Liberalisation to Industrial Policy: Towards a Geoeconomic Turn in the European Defence Market?,” *Journal of Common Market Studies* 62, no. 4 (2024): 1012–1027, <https://doi.org/10.1111/jcms.13600>.
- 65 Jones and Whitworth, “The Unintended Consequences.”
- 66 Daniel McDowell, *Bucking the Buck: US Financial Sanctions and the International Backlash Against the Dollar* (Oxford: Oxford University Press, 2023).
- 67 Christian Freudlsperger and Sophie Meunier, “When Foreign Policy Becomes Trade Policy: The EU’s Anti-Coercion Instrument,” *Journal of Common Market Studies* 62, no. 4 (2024): 1063–1079, <https://doi.org/10.1111/jcms.13593>.
- 68 Erik Jones, “COVID-19 and the EU Economy: Try Again, Fail Better,” *Survival* 62, no. 4 (2020): 81–100, <http://dx.doi.org/10.1080/00396338.2020.1792124>.
- 69 Rajiv J. Shah, “The COVID Charter: A New Development Model for a World in Crisis,” *Foreign Affairs*, August 24, 2021, <https://www.foreignaffairs.com/articles/africa/2021-08-24/covid-charter>.
- 70 Christine Abley, *The Russia Sanctions: The Economic Response to Russia’s Invasion of Ukraine* (Cambridge: Cambridge University Press, 2024).
- 71 David Miliband, “The World Beyond Ukraine: The Survival of the West and the Demands of the Rest,” *Foreign Affairs*, April 18, 2023, <https://www.foreignaffairs.com/ukraine/world-beyond-ukraine-russia-west>.
- 72 Bruce W. Jentleson, *Sanctions: What Everyone Needs to Know* (Oxford: Oxford University Press, 2022).
- 73 Abley, *The Russia Sanctions*.
- 74 Agathe Demarais, *Backfire: How Sanctions Reshape the World Against U.S. Interests* (New York: Columbia University Press, 2022).
- 75 McDowell, *Bucking the Buck*.
- 76 Anghel and Jones, “The Transatlantic Relationship.”
- 77 Bruce Stokes, “EU-US Relations After the Inflation Reduction Act, and the Challenges Ahead,” European Parliamentary Research Service, February 2024, [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/759588/EPRS_STU\(2024\)759588_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/759588/EPRS_STU(2024)759588_EN.pdf).
- 78 Demarais, *Backfire*.
- 79 Anghel and Jones, “The Transatlantic Relationship.”
- 80 See also David A. Baldwin, “Economic Statecraft,” *Britannica*, January 21, 2016, <https://www.britannica.com/topic/economic-statecraft>.
- 81 Matthias Matthijs and Sophie Meunier, “Europe’s Geoeconomic Revolution: How the EU Learned to Wield Its Real Power,” *Foreign Affairs*, August 22, 2023, <https://www.foreignaffairs.com/europe/european-union-geoeconomic-revolution>; and Henry Farrell and Abraham L. Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion,” *International Security* 44, no. 1 (2019): 42–79, https://doi.org/10.1162/isec_a_00351.
- 82 For a similar taxonomy, see Ferdi De Ville, Simon Happersberger, and Harri Kalimo, “The Unilateral Turn in EU Trade Policy? The Origins and Characteristics of the EU’s New Trade Instruments,” *European Foreign Affairs Review* 28 (2023): 15–34, <https://doi.org/10.54648/err2023012>.
- 83 “Trade Policy Review – An Open, Sustainable and Assertive Trade Policy,” European Commission, February 18, 2021, https://eur-lex.europa.eu/resource.html?uri=cellar:5bf4e9d0-71d2-11eb-9ac9-01aa75e-d71a1.0001.02/DOC_1&format=PDF; and “Strengthening the EU’s Contribution to Rules-Based Multilateralism,” European Commission and High Representative of the Union for Foreign Affairs and Security Policy, February 17, 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021JC0003>.

- 84 Johan Bjerkem and Marta Pilati, “A Renewed Start for Europe? 4 Takeaways From the EU’s New Industrial Strategy,” European Policy Centre, March 12, 2020, <https://www.epc.eu/en/Publications/A-renewed-start-for-Europe-4-takeaways-from-the-EUs-New-Industrial-S-30b2cc>.
- 85 “Trade Policy Review,” European Commission.
- 86 “European Economic Security Strategy,” European Commission and High Representative of the Union for Foreign Affairs and Security Policy, June 20, 2023, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52023JC0020>.
- 87 Mario Draghi, “The Future of the European Competitiveness: Part A, A Competitiveness Strategy for Europe,” European Commission, September 2024, https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The%20future%20of%20European%20competitiveness%20-%20A%20competitiveness%20strategy%20for%20Europe.pdf.
- 88 Ursula von der Leyen, “Political Guidelines for the Next European Commission 2024-2029,” European Commission, July 18, 2024, https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en?filename=Political%20Guidelines%202024-2029_EN.pdf.
- 89 Miguel Mota Delgado, “State Aid and the Geoeconomic Turn of the Internal Market,” *Agenda Pública*, April 25, 2023, <https://agendapublica.es/noticia/18557/state-aid-and-geoeconomic-turn-of-internal-market?rlc=an>.
- 90 Pawel Swieboda and Georg Riekes, “Europe’s Make-or-Break Moment: Putting Economic Security at the Heart of the EU’s 2024-2029 Strategic Agenda,” European Policy Centre, February 7, 2024, <https://www.epc.eu/en/publications/Europes-make-or-break-moment-Putting-economic-security-at-the-heart-57d26c>.
- 91 Simone Tagliapietra, “Economic Efficiency Versus Geopolitical Resilience: Strategic Autonomy’s Difficult Balancing Act,” Bruegel, March 7, 2023, <https://www.bruegel.org/first-glance/economic-efficiency-versus-geopolitical-resilience-strategic-autonomys-difficult>.
- 92 “Official Speeches and Statements – April 18, 2023,” Embassy of France in Washington, D.C., April 18, 2023, <https://franceintheus.org/spip.php?article11269>.
- 93 “Robust. Resilient. Sustainable. Integrated Security for Germany,” German Federal Government, 2023, <https://www.nationalesicherheitsstrategie.de/en.html>.
- 94 “European Economic Security Strategy,” European Commission and High Representative.
- 95 “Mario Draghi: An Industrial Strategy for Europe,” Groupe d’études géopolitiques, June 14, 2024, <https://geopolitique.eu/en/2024/06/14/mario-draghi-grand-continent-an-industrial-strategy-for-europe/>.
- 96 Authors’ interviews with European Commission officials, October 2023.
- 97 “EP Plenary: Speech by High Representative/Vice-President Josep Borrell on EU-China Relations,” European External Action Service, April 18, 2023, https://www.eeas.europa.eu/eeas/ep-plenary-speech-high-representativevice-president-josep-borrell-eu-china-relations_en.
- 98 “Critical Technology Areas for the EU’s Economic Security for Further Risk Assessment With Member States,” European Commission, October 3, 2023, https://defence-industry-space.ec.europa.eu/system/files/2023-10/C_2023_6689_1_EN_ACT_part1_v8.pdf.
- 99 “Advancing European Economic Security: An Introduction to Five New Initiatives,” European Commission, January 24, 2024, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024DC0022>.
- 100 “Resilient EU2030,” Spanish National Office of Foresight and Strategy, 2023, <https://futuros.gob.es/sites/default/files/2023-09/RESILIENTEU2030.pdf>.
- 101 Fanny Sauvignon and Stefania Benaglia, “An EU Global Gateway ... to What?,” Centre for European Policy Studies, November 27, 2023, <https://www.ceps.eu/ceps-publications/an-eu-global-gateway-to-what/>.
- 102 “Briefing Book | International Partnerships,” *Politico*, April 2024, <https://www.politico.eu/wp-content/uploads/2024/04/18/draft-IntPa-briefing-for-next-Com-April-2024-1-cleaned.pdf>.
- 103 Anu Bradford, *The Brussels Effect: How the European Union Rules the World* (Oxford: Oxford University Press, 2020), 23.
- 104 Niclas Poiriers et al., “The EU Net Zero Industry Act and the Risk of Reviving Past Failures,” Bruegel, March 9, 2023, <https://www.bruegel.org/first-glance/eu-net-zero-industry-act-and-risk-reviving-past-failures>.

- 105 “Screening Foreign Direct Investments in the EU,” European Court of Auditors, 2023, https://www.eca.europa.eu/ECAPublications/SR-2023-27/SR-2023-27_EN.pdf.
- 106 Sophie Meunier and Kalypso Nicolaidis, “The Geopoliticization of European Trade and Investment Policy,” *Journal of Common Market Studies* 57 (2019): 103–113, <https://doi.org/10.1111/jcms.12932>.
- 107 Katharina L. Meissner, *Commercial Realism and EU Trade Policy: Competing for Economic Power in Asia and the Americas* (Abingdon: Routledge, 2018).
- 108 “European Economic Security Strategy,” European Commission and High Representative.
- 109 Simon J. Evenett, “Trade Policy: Time for a Rethink?,” in *Fragmented Power: Europe and the Global Economy*, ed. André Sapir (Brussels: Bruegel, 2007), 61–62; and Daniel Gros, “What EU ‘Geopolitical’ Power Will Cost,” Project Syndicate, December 6, 2019, <https://www.project-syndicate.org/commentary/eu-geopolitical-commission-economic-power-by-daniel-gros-2019-12>.
- 110 Farrell and Newman, “Weaponized Interdependence.”
- 111 Matthijs and Meunier, “Europe’s Geoeconomic Revolution”; and Sarah B. Danzman and Sophie Meunier, “The EU’s Geoeconomic Turn: From Policy Laggard to Institutional Innovator,” *Journal of Common Market Studies* 62, no. 4 (2024): 1097–1115, <https://ideas.repec.org/a/bla/jcmkts/v62y2024i4p1097-1115.html>.
- 112 Guntram Wolff and Federico Steinberg, “Dealing With Europe’s Economic (In-)security,” German Council on Foreign Relations, November 14, 2023, <https://dgap.org/en/research/publications/dealing-europes-economic-security>.
- 113 “Rethinking ‘Security’ in a World of Power Politics: Speech by High Representative Josep Borrell at the EU ISS Annual Conference,” European External Action Service, June 27, 2023, https://www.eeas.europa.eu/eeas/rethinking-%E2%80%98security%E2%80%99-world-power-politics-speech-high-representative-josep-borrell-eu-iss-annual_en.
- 114 Swieboda and Riekeles, “Europe’s Make-or-Break Moment.”
- 115 Authors’ interviews with European Commission officials, October 2023.
- 116 Henry Farrell and Abraham Newman, “The New Economic Security State: How De-risking Will Remake Geopolitics,” *Foreign Affairs*, October 19, 2023, <https://www.foreignaffairs.com/united-states/economic-security-state-farrell-newman>.
- 117 Authors’ interviews with European Commission officials, October 2023.
- 118 “Speech by President von der Leyen on EU-China Relations to the Mercator Institute for China Studies and the European Policy Centre,” European Commission, March 30, 2023, https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063.
- 119 Agathe Demarais, “Why Europe Will Struggle to ‘De-risk’ From China,” *Foreign Policy*, September 19, 2023, <https://foreignpolicy.com/2023/09/19/europe-eu-china-derisking-decoupling-economy-sanctions-trade-investment-taiwan-geopolitics/>.
- 120 James Crabtree, “U.S.-China De-risking Will Inevitably Escalate,” *Foreign Policy*, August 20, 2023, <https://foreignpolicy.com/2023/08/20/derisking-decoupling-us-china-biden-economy-trade-technology-semiconductors-chips-supply-chains-ai-geopolitics-escalation/>; and Ian Johnston et al., “Can Europe Go Green Without China’s Critical Minerals?,” *Financial Times*, September 20, 2023, <https://ig.ft.com/rare-earths/>.
- 121 Bernhard Bartsch et al., “From a China Strategy to No Strategy at All: Exploring the Diversity of European Approaches,” French Institute of International Relations, July 27, 2023, <https://www.ifri.org/en/external-books/china-strategy-no-strategy-all-exploring-diversity-european-approaches>.
- 122 Iliana Oliivié et al., “EU Development Policy in Times of Polycrisis: 2nd ETTG Dialogue on the EU and Global Development,” European Think Tanks Group, July 2023, <https://ettg.eu/wp-content/uploads/2023/07/EUDevelopment-Policy-in-times-of-Polycrisis.pdf>.
- 123 “COP28,” European Council, August 30, 2024, <https://www.consilium.europa.eu/en/policies/climate-change/paris-agreement/cop28/#finance>.
- 124 Chloe Teevan and San Bilal, “The Global Gateway at Two: Implementing EU Strategic Ambitions,” ECDPM, November 27, 2023, <https://ecdpm.org/work/global-gateway-two-implementing-eu-strategic-ambitions>; and Sauvignon and Benaglia, “An EU Global Gateway.”

- 125 Martin Wolf, “How to Finance a Faster Shift to a Better World,” *Financial Times*, October 17, 2023, <https://www.ft.com/content/b0ba46e4-77ae-495b-9166-2d11a077858d>.
- 126 Giovanni Grevi, “What Grand Strategy for Europe? Three Competing Visions and One Proposal,” Centre for Security, Diplomacy and Strategy, February 2024, <https://csds.vub.be/wp-content/uploads/2024/02/In-Depth-Paper-102024.pdf>.
- 127 Farrell and Newman, “The New Economic Security State.”
- 128 “Questions and Answers: An Open, Sustainable and Assertive Trade Policy,” European Commission, February 18, 2021, https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_645.
- 129 “European Union GDP,” Trading Economics, <https://tradingeconomics.com/european-union/gdp>.
- 130 Ana E. Juncos and Sophie Vanhoonacker, “The Ideational Power of Strategic Autonomy in EU Security and External Economic Policies,” *Journal of Common Market Studies* 62, no. 4 (2024): 955–972, <https://doi.org/10.1111/jcms.13597>.
- 131 Scott Lavery, “Rebuilding the Fortress? Europe in a Changing World Economy,” *Review of International Political Economy* 31, no. 1 (2024): 330–353, <https://doi.org/10.1080/09692290.2023.2211281>.
- 132 For a reconstruction of the debate, see Federico Steinberg and Guntram Wolff, “Dealing With Europe’s Economic (In-)security,” *Global Policy* 15, no. 1 (2024): 183–192, <https://doi.org/10.1111/1758-5899.13303>.
- 133 Arlo Poletti, Lorenzo Zambenardi, and Dirk De Bièvre, “Time for a New Atlanticism: The EU-China Comprehensive Agreement on Investment and the International Order,” *The International Spectator* 58, no. 1 (2023): 23–37, <https://doi.org/10.1080/03932729.2022.2138054>.
- 134 Tobias Gehrke, “EU Open Strategic Autonomy and the Trappings of Geoeconomics,” *European Foreign Affairs Review* 27 (2022): 61–78, <https://doi.org/10.54648/err2022012>.
- 135 John H. Barton et al., *The Evolution of the Trade Regime: Politics, Law, and Economics of the GATT and the WTO* (Princeton: Princeton University Press, 2008).
- 136 Amichai Magen and Leonardo Morlino (eds), *International Actors, Democratization and the Rule of Law: Anchoring Democracy?* (Abingdon: Routledge, 2009).
- 137 Sarah Bauerle Danzman and Sophie Meunier, “The EU’s Geoeconomic Turn: From Policy Laggard to Institutional Innovator,” *Journal of Common Market Studies* 62, no. 4 (2024): 1097–1115, <https://doi.org/10.1111/jcms.13599>.
- 138 Emily Blanchard and Gerald Willmann, “Unequal Gains, Prolonged Pain: A Model of Protectionist Overshooting and Escalation,” *Journal of International Economics* 135 (2022): 103559, <https://dx.doi.org/10.1016/j.jinteco.2021.103559>.
- 139 Gehrke, “EU Open Strategic Autonomy”; and Luuk Schmitz and Timo Seidl, “Protecting, Transforming, and Projecting the Single Market: Open Strategic Autonomy and Digital Sovereignty in the EU’s Trade and Digital Policies,” SocArXiv, May 1, 2022, <https://doi.org/10.31235/osf.io/wjb64>.
- 140 Louise van Schaik, Giulia Cretti, and Pieter Pauw, “The CBAM Effect: The World’s Response to the EU’s Climate Stick,” Clingendael, May 24, 2022, <https://www.clingendael.org/publication/cbam-effect-worlds-response-eus-climate-stick>.
- 141 Alberto Nardelli, Jorge Valero, and Eric Martin, “US Seeks Exemption From EU Carbon Border Levy to End Tariff Dispute,” Bloomberg, March 23, 2023, <https://www.bloomberg.com/news/articles/2023-03-23/us-seeks-exemption-from-eu-carbon-border-levy-to-end-tariff-spat>.
- 142 “An EU Critical Raw Materials Act for the Future of EU Supply Chains,” European Council, September 12, 2024, <https://www.consilium.europa.eu/en/infographics/critical-raw-materials/>.
- 143 Frédéric Simon, “EU’s Critical Minerals Act Welcome but Falling Short, Say Green Groups and Industry,” Euractiv, December 7, 2023, <https://www.euractiv.com/section/circular-economy/news/eus-critical-minerals-act-welcome-but-falling-short-say-green-groups-and-industry/>.
- 144 Andreas Goldthau in this compilation.

- 145 “Electronics Industry Submits Plan to Make Europe a Global Leader in Micro and Nano-electronics,” European Commission, February 14, 2014, https://ec.europa.eu/commission/presscorner/detail/en/ip_14_148.
- 146 “European Chips Act,” European Commission, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-chips-act_en.
- 147 “Net-Zero Industry Act,” European Commission, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/green-deal-industrial-plan/net-zero-industry-act_en.
- 148 Edward White, “How China Cornered the Market for Clean Tech,” *Financial Times*, August 9, 2023, <https://www.ft.com/content/6d2ed4d3-c6d3-4dbd-8566-3b0df9e9c5c6>.
- 149 “EU Budget: Commission Proposes Strategic Technologies for Europe Platform (STEP) to Support European Leadership on Critical Technologies,” European Commission, June 20, 2023, https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3364.
- 150 “The Inflation Reduction Act: Here’s What’s in It,” McKinsey, October 24, 2022, <https://www.mckinsey.com/industries/public-sector/our-insights/the-inflation-reduction-act-heres-whats-in-it>.
- 151 Théo Bourgery-Gonse, “Commission ‘Annihilated Symbolic Value’ of EU Sovereignty Fund, Leading MEP Says,” Euractiv, June 21, 2023, <https://www.euractiv.com/section/economy-jobs/news/commission-annihilated-symbolic-value-of-eu-sovereignty-fund-leading-mep-says/>.
- 152 Danzman and Meunier, “The EU’s Geoeconomic Turn.”
- 153 Zenobia T. Chan and Sophie Meunier, “Behind the Screen: Understanding National Support for a Foreign Investment Screening Mechanism in the European Union,” *The Review of International Organizations* 17 (2022): 513–541, <https://doi.org/10.1007/s11558-021-09436-y>.
- 154 “List of Screening Mechanisms Notified by Member States,” European Commission, August 5, 2024, <https://circabc.europa.eu/rest/download/7e72cdb4-65d4-4eb1-910b-bed119c45d47>.
- 155 “EU Foreign Investment Screening and Export Controls Help Underpin European Security,” European Commission, October 19, 2023, https://ec.europa.eu/commission/presscorner/detail/en/ip_23_5125.
- 156 Andrea Ciani and Michela Nardo, “The Position of the EU in the Semiconductor Value Chain: Evidence on Trade, Foreign Acquisitions, and Ownership,” European Commission Joint Research Centre, April 5, 2022, https://joint-research-centre.ec.europa.eu/reports-and-technical-documentation/position-eu-semiconductor-value-chain-evidence-trade-foreign-acquisitions-and-ownership_en.
- 157 János Allenbach-Ammann, “SMEI: The Many Pitfalls of the EU’s New Supply Chain Control Tool,” Euractiv, September 20, 2022, <https://www.euractiv.com/section/economy-jobs/news/smei-the-many-pitfalls-of-the-eus-new-supply-chain-control-tool/>.
- 158 Allenbach-Ammann, “SMEI.”
- 159 Pietro Lombardi, “EU’s Supply-Chain Plan Criticized for Overreaching,” *Politico*, September 16, 2022, <https://www.politico.eu/article/eu-supply-chain-plan-criticize-overreaching/>.
- 160 Varg Folkman, “EU Strapped for Staff to Combat Chinese Subsidies,” *Politico*, October 5, 2023, <https://www.politico.eu/article/european-union-commission-foreign-subsidies-regulation-unit-strapped-staff/>.
- 161 “Regulation (EU) 2023/2675 of the European Parliament and of the EU Council,” article 2, Official Journal of the European Union, December 7, 2023, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R2675>.
- 162 Danzman and Meunier, “The EU’s Geoeconomic Turn”; and Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1945).
- 163 “EU Foreign Investment Screening,” European Commission; and Kim B. Olsen and Claudia Schmucker, “The EU’s New Anti-Coercion Instrument Will Be a Success If It Isn’t Used,” *Internationale Politik Quarterly*, January 10, 2024, <https://ip-quarterly.com/en/eus-new-anti-coercion-instrument-will-be-success-if-it-isnt-used>.
- 164 John Reed et al., “India Denounces ‘Stifling’ EU Carbon Tax on Imports,” *Financial Times*, October 9, 2024, <https://www.ft.com/content/40648adc-b621-41a3-958a-dd038c811986>; Van Schaik, Cretti, and

- Pauw, “The CBAM Effect”; and Emily Benson, “CBAM Precedents: Experts Weigh In,” Center for Strategic and International Studies, September 8, 2022, <https://www.csis.org/analysis/cbam-precedents-experts-weigh>.
- 165 Emily Benson et al., “Analyzing the European Union’s Carbon Border Adjustment Mechanism,” Center for Strategic and International Studies, February 17, 2023, <https://www.csis.org/analysis/analyzing-european-unions-carbon-border-adjustment-mechanism>.
- 166 Sinan Ülgen, “A Political Economy Perspective on the EU’s Carbon Border Tax,” Carnegie Europe, May 9, 2023, <https://carnegieendowment.org/research/2023/05/a-political-economy-perspective-on-the-eus-carbon-border-tax?lang=en¢er=europe>.
- 167 “For a Just Critical Raw Materials Act,” *Observatori del Deute en la Globalització* (blog), July 13, 2023, <https://odg.cat/en/blog/for-a-just-critical-raw-materials-act/>.
- 168 “For a Just,” *Observatori del Deute en la Globalització*.
- 169 Liv Klingert, “EU Gets Serious on Microchip Production Amid Fears of Subsidy Race,” *Brussels Times*, December 12, 2022, <https://www.brusselstimes.com/297331/eu-gets-serious-on-microchip-production-amid-fears-of-subsidy-race>.
- 170 Paul Timmers, “How Europe Aims to Achieve Strategic Autonomy for Semiconductors,” The Brookings Institution, August 9, 2022, <https://www.brookings.edu/articles/how-europe-aims-to-achieve-strategic-autonomy-for-semiconductors/>.
- 171 Simone Tagliapietra, Reinhilde Veugelers, and Jeromin Zettelmeyer, “Rebooting the European Union’s Net Zero Industry Act,” Bruegel, June 22, 2023, <https://www.bruegel.org/policy-brief/rebooting-european-unions-net-zero-industry-act>.
- 172 Noah Kaufman, Sagatom Saha, and Christopher Bataille, “Green Trade Tensions,” International Monetary Fund, June 2023, <https://www.imf.org/en/Publications/fandd/issues/2023/06/green-trade-tensions-kaufman-saha-bataille>.
- 173 Tania Voon, “Testing the Limits of WTO Security Exceptions,” East Asia Forum, June 14, 2023, <https://www.eastasiaforum.org/2023/06/14/testing-the-limits-of-security-exceptions/>; and “DS597: United States — Origin Marking Requirement,” World Trade Organization, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds597_e.htm.
- 174 “DS512: Russia — Measures Concerning Traffic in Transit,” World Trade Organization, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds512_e.htm.
- 175 Sinan Haluk Tandoğan, “Foreign Subsidies Under Scrutiny; An Analysis of the EU Foreign Subsidies Regulation,” Mondaq, April 5, 2023, <https://www.mondaq.com/turkey/government-contracts-procurement-ppp/1301834/foreign-subsidies-under-scrutiny-an-analysis-of-the-eu-foreign-subsidies-regulation>.
- 176 “Question and Answers Regarding the Anti-Coercion Instrument,” European Commission, https://policy.trade.ec.europa.eu/enforcement-and-protection/protecting-against-coercion/qa-political-agreement-anti-coercion-instrument_en.
- 177 Chien-Huei Wu, “The EU’s Proposed Anti-Coercion Instrument: Legality and Effectiveness,” *Journal of World Trade* 57, no. 2 (2023): 297–316, <https://doi.org/10.54648/trad2023012>.
- 178 *The Republic of Nicaragua v. The United States of America*, International Court of Justice, June 27, 1986.
- 179 Anna Herranz-Surrallés, Chad Damro, and Sandra Eckert, “The Geoeconomic Turn of the Single European Market? Conceptual Challenges and Empirical Trends,” *Journal of Common Market Studies* 62, no. 4 (2024): 919–937, <https://doi.org/10.1111/jcms.13591>.
- 180 Eugenia Baroncelli, “Cooperating Through Competition: EU Challenge and Support to the World Bank Focality in Multilateral Development Finance,” *Global Policy* 12, no. 4 (2021): 80–89, <https://doi.org/10.1111/1758-5899.12916>.
- 181 “Protecting Against Coercion,” European Commission, https://policy.trade.ec.europa.eu/enforcement-and-protection/protecting-against-coercion_en.
- 182 Afq Fitri, “The European Chips Act Will Not Restore the Continent’s Semiconductor Industry to Its Former Glory,” November 28, 2022, Tech Monitor, <https://www.techmonitor.ai/hardware/silicon/the-european-chips-act-will-not-restore-the-continent-semiconductor-industry-to-its-former-glory?cf-view>.

- 183 Gina Gopinath, “Geopolitics and Its Impact on Global Trade and the Dollar,” International Monetary Fund, May 7, 2024, <https://www.imf.org/en/News/Articles/2024/05/07/sp-geopolitics-impact-global-trade-and-dollar-gita-gopinath>.
- 184 Giovanni Grevi and Richard Youngs in this compilation.
- 185 Ülgen, “A Political Economy Perspective.”
- 186 “A Strategic Compass for a Stronger EU Security and Defence in the Next Decade,” Council of the European Union, March 21, 2022, <https://www.consilium.europa.eu/en/press/press-releases/2022/03/21/a-strategic-compass-for-a-stronger-eu-security-and-defence-in-the-next-decade/>.
- 187 See, for instance, Jennifer Hillman and Inu Manak, “Rethinking International Rules on Subsidies,” Council on Foreign Relations, September 2023, <https://www.cfr.org/report/rethinking-international-rules-subsidies>.
- 188 Kaufman, Saha, and Bataille, “Green Trade Tensions.”
- 189 Doug Palmer, “WTO Says Trump’s Steel Tariffs Violated Global Trade Rules,” *Politico*, December 9, 2022, <https://www.politico.com/news/2022/12/09/wto-ruling-trump-tariffs-violate-rules-00073282>.
- 190 Marcin Szczepeński, “Resilience of Global Supply Chains: Challenges and Solutions [Policy Podcast],” European Parliamentary Research Service, November 26, 2021, <https://epthinktank.eu/2021/11/26/resilience-of-global-supply-chains-challenges-and-solutions/>; and “The Impact of Global Value Chains on the Euro Area Economy,” European Central Bank, April 2019, <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op221-38185e6936.en.pdf>.
- 191 Jean-Marc Ollagnier, Kris Timmermans, and Michael Brueckner, “From Disruption to Reinvention: The Future of Supply Chains in Europe,” Accenture, May 23, 2022, <https://www.accenture.com/content/dam/accenture/final/a-com-migration/r3-additional-pages-1/pdf/pdf-177/accenture-disruption-reinvention.pdf>.
- 192 “European Industrial Strategy,” European Commission, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-industrial-strategy_en; “The Net-Zero Industry Act: Accelerating the Transition to Climate Neutrality,” European Commission, https://single-market-economy.ec.europa.eu/industry/sustainability/net-zero-industry-act_en; “Critical Raw Materials: Ensuring Secure and Sustainable Supply Chains for EU’s *[sic]* Green and Digital Future,” European Commission, March 16, 2023, https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1661; “The EU Chips Industry,” Council of the European Union, [https://www.consilium.europa.eu/en/policies/eu-chips-industry/#:~:text=The%20Chips%20for%20Europe%20Initiative,to%20the%20E2%80%99Chips%20Act%20E2%80%99](https://www.consilium.europa.eu/en/policies/eu-chips-industry/#:~:text=The%20Chips%20for%20Europe%20Initiative,to%20the%20E2%80%99Chips%20Act%20E2%80%99;); and “REPowerEU: Affordable, Secure and Sustainable Energy for Europe,” European Commission, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repowerEU-affordable-secure-and-sustainable-energy-europe_en.
- 193 Mario Damen, “EU Strategic Autonomy 2013-2023: From Concept to Capacity,” European Parliamentary Research Service, July 2022, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733589/EPRS_BRI\(2022\)733589_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733589/EPRS_BRI(2022)733589_EN.pdf).
- 194 Towfique Rahman et al., “Supply Chain Resilience Initiatives and Strategies: A Systematic Review,” *Computers & Industrial Engineering* 170 (2022): 108317, <https://doi.org/10.1016/j.cie.2022.108317>.
- 195 “EU Green Deal,” EUROPARC Federation, <https://www.europarc.org/european-policy/eu-green-deal-protected-areas/>.
- 196 Reinhilde Veugelers and Simone Tagliapietra, *A Green Industrial Policy for Europe* (Brussels: Bruegel, 2020), <https://www.bruegel.org/book/green-industrial-policy-europe>.
- 197 Rahman et al., “Supply Chain Resilience.”
- 198 Georgia Collins, “Kearney/WEF: Supply Chain Resilience to Avoid Disruption,” *Manufacturing Digital*, July 23, 2021, <https://manufacturingdigital.com/procurement-and-supply-chain/kearneywef-supply-chain-resilience-avoid-disruption>.
- 199 “What Is Business Continuity?,” Cisco, <https://www.cisco.com/c/en/us/solutions/hybrid-work/what-is-business-continuity.html>.
- 200 Matt McGrath, “Climate Change: US Formally Withdraws From Paris Agreement,” BBC News, November 4, 2020, <https://www.bbc.com/news/science-environment-54797743>.

- 201 “National Security Strategy of the United States of America,” The White House, December 2017, <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.
- 202 “EU-China – A Strategic Outlook,” European Commission, March 12, 2019, <https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf>.
- 203 Damen, “EU Strategic Autonomy.”
- 204 “European Battery Alliance,” European Commission, https://single-market-economy.ec.europa.eu/industry/industrial-alliances/european-battery-alliance_en#:~:text=In%20October%202017%2C%20Vice%20President,storage%2C%20and%20Europe%E2%80%99s%20economic%20strategy.
- 205 Claudia Detsch, “Waking the Sleeping Beauty of European Industrial Policy,” International Politics and Society, February 16, 2023, <https://www.ips-journal.eu/topics/economy-and-ecology/waking-the-sleeping-beauty-of-european-industrial-policy-6512/>; “Nordics Playing a Significant Role in Battery Boom,” Business Norway, <https://businessnorway.com/articles/anticipating-the-european-battery-boom>; and Bart Brouwers, “How the European Battery Alliance Is Driving Decarbonization in Europe,” Innovation Origins, May 6, 2023, <https://innovationorigins.com/en/how-the-european-battery-alliance-is-driving-decarbonization-in-europe/>.
- 206 “7th High-Level Meeting of the European Battery Alliance,” European Commission, March 2023, https://single-market-economy.ec.europa.eu/system/files/2023-03/Main%20takeaways_7th%20High-Level%20Meeting%20of%20EBA.pdf.
- 207 “Foreign Exchange and Foreign Trade Act,” Japanese Law Translation, <https://www.japaneselawtranslation.go.jp/en/laws/view/4412>.
- 208 “Executive Orders,” National Archives, August 15, 2016, <https://www.archives.gov/federal-register/codification/executive-order/11858.html>.
- 209 “Investment Screening,” European Commission, https://policy.trade.ec.europa.eu/enforcement-and-protection/investment-screening_en.
- 210 “Ad-hoc: BMW AG Acquires Majority Stake in BMW Brilliance Automotive Ltd. Leading to Full Consolidation Effective 11 February 2022,” BMW Group, February 11, 2022, <https://www.press.bmwgroup.com/global/article/detail/T0367989EN/ad-hoc:-bmw-ag-acquires-majority-stake-in-bmw-brilliance-automotive-ltd-leading-to-full-consolidation-effective-11-february-2022?language=en>.
- 211 “Who Owns Volvo?,” Volvo Cars Waterloo, <https://www.volvocarswaterloo.com/who-owns-volvo/>.
- 212 Marie Krpata, “The Future of the Franco-German Tandem,” French Institute of International Relations, September 22, 2021, <https://www.ifri.org/en/external-articles/future-franco-german-tandem>.
- 213 Judy Dempsey, “Europe’s Dangerous Dependence on China,” *Strategic Europe*, April 4, 2023, <https://carnegieendowment.org/europe/strategic-europe/2023/04/europes-dangerous-dependence-on-china?lang=en>.
- 214 “Speech by President von der Leyen on EU-China Relations to the Mercator Institute for China Studies and the European Policy Centre,” European Commission, March 30, 2023, https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063; and “Moscow-Beijing Partnership Has ‘No Limits,’” Reuters, February 4, 2022, <https://www.reuters.com/world/china/moscow-beijing-partnership-has-no-limits-2022-02-04/>.
- 215 “G7 Hiroshima Leaders’ Communiqué,” The White House, May 20, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/20/g7-hiroshima-leaders-communication/>; and “Remarks by President Trump in Press Conference | September 7, 2020,” The White House, September 7, 2020, <https://trumpwhitehouse.archives.gov/briefings-statements/remarks-president-trump-press-conference-september-7-2020/>.
- 216 “Commission Presents an Updated In-Depth Review of Europe’s Strategic Dependencies,” European Commission, February 23, 2022, https://single-market-economy.ec.europa.eu/news/commission-presents-updated-depth-review-europes-strategic-dependencies-2022-02-23_en; and “Foreign Subsidies Regulation,” European Commission, https://competition-policy.ec.europa.eu/foreign-subsidies-regulation_en.

- 217 Charlie Cooper, Antonia Zimmermann, and Sarah Anne Aarup, “China Leaves EU Playing Catchup in Race for Raw Materials,” *Politico*, March 10, 2023, <https://www.politico.eu/article/white-gold-rush-salt-lithium-batteries-raw-materials-chile-salar-atacama/>.
- 218 “Critical Minerals Market Review 2023,” International Energy Agency, July 2023, p. 68, <https://iea.blob.core.windows.net/assets/c7716240-ab4f-4f5d-b138-291e76c6a7c7/CriticalMineralsMarketReview2023.pdf>.
- 219 Oliver Noyan, “Critical Raw Materials: China 15 Years Ahead, Expert Says,” Euractiv, June 9, 2023, <https://www.euractiv.com/section/energy/news/critical-raw-materials-china-15-years-ahead-expert-says/>.
- 220 James McBride and Andrew Chatzky, “Is ‘Made in China 2025’ a Threat to Global Trade?,” Council on Foreign Relations, May 13, 2019, <https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade>.
- 221 James Kynge, Sun Yu, and Leo Lewis, “Fortress China: Xi Jinping’s Plan for Economic Independence,” *Financial Times*, September 15, 2022, <https://www.ft.com/content/0496b125-7760-41ba-8895-8358a7f24685>.
- 222 McBride and Chatzky, “Is ‘Made in China 2025’ a Threat?”
- 223 Lingling Wei, “Beijing Drops Contentious ‘Made in China 2025’ Slogan, but Policy Remains,” *Wall Street Journal*, March 5, 2019, <https://www.wsj.com/articles/china-drops-a-policy-the-u-s-dislikes-at-least-in-name-11551795370>; and “Trump Tariffs: US President Imposes Levy on Steel and Aluminium,” BBC News, March 8, 2018, <https://www.bbc.co.uk/news/world-us-canada-43337951>.
- 224 Rosa Balfour and Lizza Bomassi, “EU and China Seal a Deal Behind Biden’s Back,” Chatham House, June 10, 2021, <https://www.chathamhouse.org/publications/the-world-today/2021-02/eu-and-china-seal-deal-behind-bidens-back>.
- 225 Kelly Ng and Yi Ma, “How Is China Supporting Russia After It Was Sanctioned for Ukraine War?,” BBC News, May 17, 2024, <https://www.bbc.co.uk/news/60571253>.
- 226 “Is There Risk in ‘De-Risking’?,” Economist Intelligence Unit, <https://www.eiu.com/n/campaigns/eu-de-risking-from-china/>.
- 227 Thomas Moller-Nielsen, “EU-China Trade Slips as Beijing ‘De-Risks’ From the West,” Euractiv, March 4, 2024, <https://www.euractiv.com/section/economy-jobs/news/eu-china-trade-slips-as-beijing-de-risks-from-the-west/>.
- 228 Richard Baldwin, “How Asymmetric Is the G7’s Reliance on Chinese Supply Chains?,” LinkedIn, January 5, 2024, <https://www.linkedin.com/pulse/how-asymmetric-g7s-reliance-chinese-supply-chains-richard-baldwin-rcofe/>.
- 229 European Raw Materials Alliance, <https://erma.eu/>.
- 230 “The Supply Chain Resilience Platform Is Now Live!,” Enterprise Europe Network, September 12, 2022, <https://een.ec.europa.eu/news/supply-chain-resilience-platform-now-live>.
- 231 Deborah James, “Trade and Development Backstory: The Struggle Over the UNCTAD 15 Mandate,” Institute for New Economic Thinking, November 10, 2021, <https://www.ineteconomics.org/perspectives/blog/trade-and-development-backstory-the-struggle-over-the-unctad-15-mandate>.
- 232 “The European Online Hub for Industry Clusters,” European Cluster Collaboration Platform, <https://clustercollaboration.eu/>.
- 233 “SMEI / IMERA: Council and Parliament Strike a Provisional Deal on Crisis Preparedness,” Council of the European Union, February 16, 2024, <https://www.consilium.europa.eu/en/press/press-releases/2024/02/01/single-market-emergency-instrument-council-and-parliament-strike-a-provisional-deal-on-crisis-preparedness/>; and “Internal Market Emergency and Resilience Act,” European Parliament, <https://www.europarl.europa.eu/committees/en/internal-market-emergency-and-resilience/product-details/20221121CDT10668>.
- 234 Henrik Hvid Jensen, “For Manufacturers, the Circular Economy Strengthens Supply Chains. Here’s How,” World Economic Forum, February 27, 2024, <https://www.weforum.org/agenda/2024/02/how-manufacturers-could-lead-the-way-in-building-the-circular-economy/>.
- 235 “The Circular Economy in Cities and Regions: Synthesis Report,” Organisation for Economic Co-operation and Development, October 28, 2020, <https://doi.org/10.1787/10ac6ae4-en>.

- 236 “Greenlab: Sustainable Startup Accelerator,” hub.brussels, <https://hub.brussels/en/services/greenlab-sustainable-accelerator-brussels/>.
- 237 The term “clean transition materials” comprises minerals and metals needed for manufacturing technologies that are central to the clean-energy transition. They are also referred to as critical raw materials, critical minerals, strategic raw materials, or clean transition metals. While acknowledging that there are differences in the use and policy salience of these terms, this chapter uses them synonymously. For a 2023 list of critical raw materials as defined by the EU, see Milan Grohol and Constanze Veeh, “Study on the Critical Raw Materials for the EU 2023: Final Report,” Publications Office of the European Union, 2023, <https://op.europa.eu/en/publication-detail/-/publication/57318397-fdd4-11ed-a05c-01aa75ed71a1>.
- 238 Silvia Bobba et al., “Critical Raw Materials for Strategic Technologies and Sectors in the EU: A Foresight Study,” Publications Office of the European Union, 2020, <https://data.europa.eu/doi/10.2873/58081>.
- 239 “Critical Raw Materials Resilience: Charting a Path Towards Greater Security and Sustainability,” European Commission, September 3, 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0474>.
- 240 “The Role of Critical Minerals in Clean Energy Transitions,” International Energy Agency, May 2021, <https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions>.
- 241 “The Role of Critical Minerals,” International Energy Agency.
- 242 Tilmann Galler, “A New Supercycle – the Clean Tech Transition and Implications for Global Commodities,” J.P. Morgan Asset Management, February 27, 2024, <https://am.jpmorgan.com/lu/en/asset-management/per/insights/market-insights/market-updates/on-the-minds-of-investors/clean-energy-investment/>.
- 243 Lukas Boer, Andrea Pescatori, and Martin Stuermer, “Energy Transition Metals,” International Monetary Fund, October 12, 2021, <https://doi.org/10.5089/9781513599373.001>.
- 244 “Net-Zero Industry Act,” European Commission, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/green-deal-industrial-plan/net-zero-industry-act_en.
- 245 Andrea Prontera, *Beyond the EU Regulatory State: Energy Security and the Eurasian Gas Market* (Lanham: ECPR Press, 2019).
- 246 Nicolò Campagnol, Alexander Pfeiffer, and Christer Tryggestad, “Capturing the Battery Value-Chain Opportunity,” McKinsey & Company, January 7, 2022, <https://www.mckinsey.com/industries/electric-power-and-natural-gas/our-insights/capturing-the-battery-value-chain-opportunity>.
- 247 “Global Supply Chains of EV Batteries,” International Energy Agency, July 2022, <https://www.iea.org/reports/global-supply-chains-of-ev-batteries>; and “European Battery Alliance,” European Commission, accessed November 25, 2022, https://single-market-economy.ec.europa.eu/industry/strategy/industrial-alliances/european-battery-alliance_fi.
- 248 Bruno Venditti, “The Top 10 EV Battery Manufacturers in 2022,” Visual Capitalist, October 5, 2022, <https://www.visualcapitalist.com/the-top-10-ev-battery-manufacturers-in-2022/>; and “Global Supply Chains,” International Energy Agency.
- 249 “Global EV Outlook 2023,” International Energy Agency, April 2023, <https://www.iea.org/reports/global-ev-outlook-2023>.
- 250 Bobba et al., “Critical Raw Materials.”
- 251 “The Role of Critical Minerals,” International Energy Agency.
- 252 “The Role of Critical Minerals,” International Energy Agency; and “Critical Mineral Development Will Need to Balance Environmental and Social Risks,” Sustainable Fitch, July 20, 2023, <https://www.sustainablefitch.com/corporate-finance/critical-mineral-development-will-need-to-balance-environmental-social-risks-20-07-2023>.
- 253 “Brazil: UN Experts Deplore Attacks by Illegal Miners on Indigenous Peoples; Alarmed by Mercury Levels,” Office of the United Nations High Commissioner for Human Rights, June 2, 2021, <https://www.ohchr.org/en/press-releases/2021/06/brazil-un-experts-deplore-attacks-illegal-miners-indigenous-peoples-alarmed>; and Nicole Greenfield, “Lithium Mining Is Leaving Chile’s Indigenous Communities High and Dry (Literally),” Natural Resources Defense Council, April 26, 2022, <https://www.nrdc.org/stories/lithium-mining-leaving-chiles-indigenous-communities-high-and-dry-literally>.

- 254 Benjamin K. Sovacool et al., “The Decarbonisation Divide: Contextualizing Landscapes of Low-Carbon Exploitation and Toxicity in Africa,” *Global Environmental Change* 60 (2020): 102028, <https://doi.org/10.1016/j.gloenvcha.2019.102028>.
- 255 “The Raw Materials Initiative — Meeting Our Critical Needs for Growth and Jobs in Europe,” European Commission, November 4, 2008, <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0699:FIN:en:PDF>.
- 256 “The European Innovation Partnership (EIP) on Raw Materials,” European Commission, https://single-market-economy.ec.europa.eu/sectors/raw-materials/eip_en.
- 257 “European Raw Materials Alliance,” International Energy Agency, December 12, 2023, <https://www.iea.org/policies/14268-european-raw-materials-alliance>.
- 258 “Europe on the Move. Sustainable Mobility for Europe: Safe, Connected, and Clean,” European Commission, May 17, 2018, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018DC0293>.
- 259 “Regulation (EU) 2024/1252 of the European Parliament and of the Council,” Official Journal of the European Union, May 3, 2024, <http://data.europa.eu/eli/reg/2024/1252/oj>.
- 260 Clare Connellan et al., “New EU Batteries Regulation: Introducing Enhanced Sustainability, Recycling and Safety Requirements,” White & Case, August 2, 2023, <https://www.whitecase.com/insight-alert/new-eu-batteries-regulation-introducing-enhanced-sustainability-recycling-and-safety#:~:text=The%20new%20regulation%20has%20three,functioning%20of%20the%20internal%20market>.
- 261 “France 2030 Investment Plan’ - Critical Minerals Investment,” International Energy Agency, April 26, 2023, <https://www.iea.org/policies/15026-france-2030-investment-plan-critical-minerals-investment>.
- 262 “Speech by President von der Leyen on EU-China Relations to the Mercator Institute for China Studies and the European Policy Centre,” European Commission, March 30, 2023, https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063; Werner Hoyer, “Europe Must Get Serious About Critical Minerals,” Project Syndicate, September 14, 2023, <https://www.project-syndicate.org/commentary/europe-critical-minerals-rare-earth-supply-chain-risk-by-werner-hoyer-2023-09>; and Fatih Birol and Pascal Canfin, “Why the European Union Needs Bold and Broad Strategies for Critical Minerals,” Euractiv, March 6, 2023, <https://www.euractiv.com/section/energy-environment/opinion/why-the-eu-needs-bold-and-broad-strategies-for-critical-minerals/>.
- 263 James Eddy, Alexander Pfeiffer, and Jasper van de Staaij, “Recharging Economies: The EV-Battery Manufacturing Outlook for Europe,” McKinsey & Company, June 3, 2019, <https://www.mckinsey.com/industries/oil-and-gas/our-insights/recharging-economies-the-ev-battery-manufacturing-outlook-for-europe>.
- 264 Carole Mathieu, “The European Battery Alliance Is Moving Up a Gear,” *Édito Énergie*, French Institute of International Relations, May 2, 2019, <https://www.ifri.org/en/edito/european-battery-alliance-moving-gear>.
- 265 Bryan R. Early and Keith Preble, “Grand Strategy and the Tools of Economic Statecraft,” in *The Oxford Handbook of Grand Strategy*, eds. Thierry Balzacq and Ronald R. Krebs (Oxford: Oxford University Press, 2021), 369–388; and Nikhil Kalyanpur and Abraham L. Newman, “Mobilizing Market Power: Jurisdictional Expansion as Economic Statecraft,” *International Organization* 73, no. 1 (2019): 1–34, <https://doi.org/10.1017/S0020818318000334>.
- 266 Noor Alam et al., “Critical Minerals. Options for Diversifying German Raw Material Supplies,” Willy Brandt School of Public Policy, University of Erfurt, January 2023, <http://dx.doi.org/10.13140/RG.2.2.10167.80805>.
- 267 Harry Dempsey, “Lithium Price Plunges on Slowing Chinese Demand for Electric Vehicles,” *Financial Times*, January 25, 2024, <https://www.ft.com/content/0fb27a1a-d149-4d66-87cf-a1e3feecb5e5>.
- 268 Raluca Csernatoni, “Disruption Ahead? European Strategic Autonomy and Future Technology,” in *Beyond Autonomy: Rethinking Europe as a Strategic Actor*, LSE IDEAS and Friedrich Naumann Foundation, February 7, 2022, <https://www.lse.ac.uk/ideas/publications/Old-reports/beyond-autonomy>.
- 269 “EU Actorness - A Conceptual Model,” Trends in Global Governance and Europe’s Role, 2021, <https://trigger.eui.eu/eu-actorness-a-conceptual-model/all/countryNotes>.

- 270 “Industry 5.0: A Transformative Vision for Europe,” European Commission, December 2021, <https://www.horizon-europe.gouv.fr/sites/default/files/2022-01/industry-5-0-pdf-5324.pdf>.
- 271 Raluca Csernaton, “The EU’s Hegemonic Imaginaries: From European Strategic Autonomy in Defence to Technological Sovereignty,” *European Security* 31, no. 3 (2022): 395–414, <https://www.tandfonline.com/doi/full/10.1080/09662839.2022.2103370>.
- 272 “Commissioners-designate (2024-2029),” European Commission, https://commission.europa.eu/about-european-commission/towards-new-commission-2024-2029/commissioners-designate-2024-2029_en.
- 273 Henry Farrell and Abraham L. Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion,” *International Security* 44, no. 1 (2019): 42–79, https://doi.org/10.1162/isec_a_00351.
- 274 Raluca Csernaton, “Charting the Geopolitics and European Governance of Artificial Intelligence,” Carnegie Europe, March 6, 2024, <https://carnegieendowment.org/research/2024/03/charting-the-geopolitics-and-european-governance-of-artificial-intelligence?lang=en¢er=europe>.
- 275 “SMEs and Open Strategic Autonomy: Final Report,” European Commission, July 3, 2024, https://single-market-economy.ec.europa.eu/document/download/27773867-479e-464e-af2f-b548b76ffb13_en?filename=D5.%20SMEs%20and%20OSA%20-%20Final%20report_rev.pdf.
- 276 “Statement on Technological Sovereignty,” European Innovation Council, March 18, 2021, https://eic.ec.europa.eu/system/files/2021-03/EIC%20Advisory%20Board%20statement%20at%20launch%20of%20EIC_1.pdf.
- 277 “Belt and Road Initiative (BRI),” European Bank for Reconstruction and Development, 2024, <https://www.ebrd.com/what-we-do/belt-and-road/overview.html>; and Tim Rühlig, “The Geopolitics of Technical Standardization: Comparing US and EU Approaches,” German Council on Foreign Relations, May 8, 2023, <https://dgap.org/en/research/publications/geopolitics-technical-standardization>.
- 278 Csernaton, “The EU’s Hegemonic Imaginaries”; and Raluca Csernaton, “The EU’s Rise as a Defense Technological Power: From Strategic Autonomy to Technological Sovereignty,” Carnegie Europe, August 12, 2021, <https://carnegieeurope.eu/2021/08/12/eu-s-rise-as-defense-technological-power-from-strategic-autonomy-to-technological-sovereignty-pub-85134>.
- 279 Csernaton, “Disruption Ahead?”
- 280 Csernaton, “Charting the Geopolitics.”
- 281 “Leading the Way in European Supercomputing,” The European High Performance Computing Joint Undertaking (EuroHPC JU), 2024, https://eurohpc-ju.europa.eu/index_en; and Antonio Calcara and Raluca Csernaton, “From Ambition to Action in Europe: Chips, the Smaller, the Better,” in *The Comeback of Industrial Policy. The Next Geopolitical Great Game*, edited by Alessandro Gili and Davide Tentori, Italian Institute for International Political Studies, December 6, 2023, <https://www.ispionline.it/en/publication/the-comeback-of-industrial-policy-the-next-geopolitical-great-game-145627>.
- 282 “Communication From the Commission: Artificial Intelligence for Europe,” European Commission, April 25, 2018, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2018:237:FIN>; “The Digital Europe Programme,” European Commission, 2024, <https://digital-strategy.ec.europa.eu/en/activities/digital-programme>; and “Commission Launches AI Innovation Package to Support Artificial Intelligence Startups and SMEs,” European Commission, January 24, 2024, https://ec.europa.eu/commission/presscorner/detail/en/ip_24_383.
- 283 Linda Monsees and Daniel Lambach, “Digital Sovereignty, Geopolitical Imaginaries, and the Reproduction of European Identity,” *European Security* 31, no. 3 (2022): 377–394, <https://doi.org/10.1080/09662839.2022.2101883>.
- 284 Raluca Csernaton and Fer Avar, “Navigating the Future: The EU’s Blueprint for the Innovation and Governance of Emerging and Disruptive Technologies,” EU Cyber Direct Digital Dialogue, November 13, 2023, <https://eucyberdirect.eu/research/navigating-the-future-the-eu-s-blueprint-for-the-innovation-and-governance-of-emerging-and-disruptive-technologies>.
- 285 Raluca Csernaton, “Chips Geopolitics and EU’s New Semiconductors Sovereignty Agenda,” Euractiv, October 29, 2021, <https://www.euractiv.com/section/industrial-strategy/opinion/chips-geopolitics-and-eus-new-semiconductors-sovereignty-agenda/>.

- 286 “Governing Missions in the European Union,” European Commission, July 19, 2019, https://research-and-innovation.ec.europa.eu/knowledge-publications-tools-and-data/publications/all-publications/governing-missions-governing-missions-european-union_en.
- 287 Csernatoni, “The EU’s Hegemonic Imaginaries.”
- 288 Christopher Hill, “The Capability-Expectations Gap, or Conceptualizing Europe’s International Role,” *Journal of Common Market Studies* 31, no. 3 (1993): 305–328, <https://onlinelibrary.wiley.com/doi/10.1111/j.1468-5965.1993.tb00466.x>.
- 289 “Governing Missions,” European Commission.
- 290 “Europe’s Digital Decade: Digital Targets for 2030,” European Commission, 2024, https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030_en.
- 291 “Horizon Europe,” European Commission, 2024, https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe_en.
- 292 “Responsible Research and Innovation in the EU,” European Parliamentary Research Service, September 8, 2021, <https://sciencemediahub.eu/2021/09/08/responsible-research-and-innovation-in-the-eu/>.
- 293 “Horizon 2020,” European Commission, 2024, https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-2020_en.
- 294 “Strategic Foresight,” European Commission, 2024, https://ec.europa.eu/info/strategy/strategic-planning/strategic-foresight_en.
- 295 “Strategic Foresight,” European Commission.
- 296 “Statement on Technological Sovereignty,” European Innovation Council.
- 297 “A Strategic Compass for Security and Defence: For a European Union That Protects Its Citizens, Values and Interests and Contributes to International Peace and Security,” European External Action Service, November 9, 2021, https://www.eeas.europa.eu/sites/default/files/documents/strategic_compass_en3_web.pdf.
- 298 “An EU Approach to Enhance Economic Security,” European Commission, June 20, 2023, https://ec.europa.eu/commission/presscorner/detail/en/IP_23_3358.
- 299 “Commission Recommendation of 03 October 2023 on Critical Technology Areas for the EU’s Economic Security for Further Risk Assessment With Member States,” European Commission, October 3, 2023, https://defence-industry-space.ec.europa.eu/commission-recommendation-03-october-2023-critical-technology-areas-eus-economic-security-further_en.
- 300 “Strategic Technologies for Europe Platform (STEP),” European Parliament, February 15, 2024, [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2023\)754547](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2023)754547).
- 301 Péter Harasztosi, Désirée Rückert, and Christoph Weiss, “Enablers for Firms’ Use of Digital Technologies: Technological Innovation and Digital Infrastructures,” VoxEU, March 3, 2023, <https://cepr.org/voxeu/columns/enablers-firms-use-digital-technologies-technological-innovation-and-digital>.
- 302 “2022 Strategic Foresight Report: Twinning the Green and Digital Transitional in the New Geopolitical Context,” European Commission, June 29, 2022, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022DC0289>.
- 303 Sven Smit et al., “Securing Europe’s Future Beyond Energy: Addressing Its Corporate and Technology Gap,” McKinsey Global Institute, May 2022, <https://www.mckinsey.com/-/media/mckinsey/business%20functions/strategy%20and%20corporate%20finance/our%20insights/securing%20europes%20competitiveness%20addressing%20its%20technology%20gap/securing-europes-future-beyond-energy-addressing-its-corporate-and-technology-gap-may-2022.pdf>.
- 304 “Action Plan on Synergies Between Civil, Defence and Space Industries,” European Commission, February 15, 2021, https://commission.europa.eu/document/2353ded9-0e39-4d35-a46c-67c62779afe1_en.
- 305 “Action Plan on Synergies,” European Commission.
- 306 “Horizon Europe,” European Commission; and “EDF | Developing Tomorrow’s Defence Capabilities,” European Commission, 2024, https://defence-industry-space.ec.europa.eu/eu-defence-industry/european-defence-fund-edf_en.

- 307 “European Defence Fund: Start of 37 New Defence R&P Projects,” European Commission, December 19, 2023, https://defence-industry-space.ec.europa.eu/european-defence-fund-start-37-new-defence-rd-projects-2023-12-19_en.
- 308 “Action Plan on Synergies,” European Commission.
- 309 “Europe’s Digital Decade,” European Commission.
- 310 “European Chips Act,” European Commission, 2024, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-chips-act_en.
- 311 “The Semiconductor Ecosystem, Global Features and Europe’s Position,” Council of the European Union, July 12, 2022, <https://www.consilium.europa.eu/media/58112/220712-the-semiconductor-ecosystem-global-features-and-europe-s-position.pdf>.
- 312 “IMEC Offers Neutral Ground Amid Chip Rivalries,” *Economist*, September 22, 2021, <https://www.economist.com/business/imec-offers-neutral-ground-amid-chip-rivalries/21804980>.
- 313 “The Semiconductor Ecosystem,” Council of the European Union.
- 314 “European Approach to Artificial Intelligence,” European Commission, 2024, <https://digital-strategy.ec.europa.eu/en/policies/european-approach-artificial-intelligence>.
- 315 “AI Act,” European Commission, 2024, <https://digital-strategy.ec.europa.eu/en/policies/regulatory-framework-ai>.
- 316 “EU AI Act: First Regulation on Artificial Intelligence,” European Parliament, June 8, 2023, <https://www.europarl.europa.eu/news/en/headlines/society/20230601STO93804/eu-ai-act-first-regulation-on-artificial-intelligence>.
- 317 Raluca Csernaton, “Weaponizing Innovation? Mapping Artificial Intelligence-Enabled Security and Defence in the EU,” Stockholm International Peace Research Institute, July 2023, https://www.sipri.org/sites/default/files/2023-07/eunpdc_no_84_0.pdf.
- 318 “Coordinated Plan on Artificial Intelligence,” European Commission, 2024, <https://digital-strategy.ec.europa.eu/en/policies/plan-ai>.
- 319 “Horizon Europe,” European Commission; and “The Digital Europe Programme,” European Commission.
- 320 Nestor Maslej et al., “Chapter 4: The Economy,” in *Artificial Intelligence Index Report 2023*, Institute for Human-Centered AI, Stanford University, April 2023, https://aiindex.stanford.edu/wp-content/uploads/2023/04/HAI_AI-Index-Report-2023_CHAPTER_4.pdf.
- 321 “Commission Launches AI Innovation Package,” European Commission.
- 322 Csernaton, “The EU’s Rise”; and “Quantum,” European Commission, 2024, <https://digital-strategy.ec.europa.eu/en/policies/quantum>.
- 323 Michael Bogobowicz et al., “Quantum Technology Sees Record Investments, Progress on Talent Gap,” McKinsey Digital, April 24, 2023, <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/quantum-technology-sees-record-investments-progress-on-talent-gap>.
- 324 “Quantum Computing Market Size, Share, and Trends 2024 to 2034,” Precedence Research, July 2024, https://www.globenewswire.com/Tracker?data=fbY7vLrVJqrKyQogP_kUM10TRlshHby9iw2yG8H4ay0v-AB7FEYhYUfTbouLfV9KVJfyuBlHqgHLPR4FHDO98n0LZBW2Uk9tvO26ko5L1RL7N_XTgY1Gj2MhOqUXo8HiOCAJ9BWgrKMWw73jpPSd0Rw==.
- 325 “Quantum Computing Market Size to Hit Around USD 125 BN by 2030,” Precedence Research, January 6, 2023, <https://www.globenewswire.com/en/news-release/2023/01/06/2584209/0/en/Quantum-Computing-Market-Size-to-Hit-Around-USD-125-BN-by-2030.html#:~:text=Precedence%20Research%20predicts%2C%20the%20global,36.89%25%20from%202022%20to%202030>.
- 326 “Quantum,” European Commission.
- 327 Anika Pflanzner, Wolf Richter, and Henning Soller, “A Quantum Wake-up Call for European CEOs,” McKinsey, December 20, 2021, <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/a-quantum-wake-up-call-for-european-ceos>.

- 328 “Quantum Technologies Flagship,” European Commission, 2024, <https://digital-strategy.ec.europa.eu/en/policies/quantum-technologies-flagship>.
- 329 “Horizon Europe,” European Commission.
- 330 “The Digital Europe Programme,” European Commission.
- 331 Antonio Acín et al., “The European Quantum Technologies Roadmap,” [arXiv.org](https://arxiv.org/abs/1712.03773), December 11, 2017, <https://arxiv.org/abs/1712.03773>.
- 332 “2023 Report on the State of the Digital Decade,” European Commission, September 27, 2023, <https://digital-strategy.ec.europa.eu/en/library/2023-report-state-digital-decade>.
- 333 “Call to Host New Quantum Computers,” The European High Performance Computing Joint Undertaking (EuroHPC JU), December 19, 2023, https://eurohpc-ju.europa.eu/call-host-new-quantum-computers-2023-12-19_en.
- 334 Henry Farrell and Abraham Newman, *Underground Empire: How America Weaponized the World Economy* (New York: Henry Holt and Company, 2023); and Matthias Matthijs and Sophie Meunier, “Europe’s Geoeconomic Revolution: How the EU Learned to Wield Its Real Power,” *Foreign Affairs*, August 22, 2023, <https://www.foreignaffairs.com/europe/european-union-geoeconomic-revolution>.
- 335 Nan Tian et al., “Trends in World Military Expenditure, 2023,” Stockholm International Peace Research Institute, April 2024, https://www.sipri.org/sites/default/files/2024-04/2404_fs_milex_2023.pdf.
- 336 Catherine Hoeffler, “Arming Fortress Europe? Spaces and Instruments of Economic Patriotism in EU Armament Policy,” *Politics and Governance* 11, no. 4 (2023): 154–164, <https://doi.org/10.17645/pag.v11i4.7231>; and Scott Lavery, “Rebuilding the Fortress? Europe in a Changing World Economy,” *Review of International Political Economy* 31, no. 1 (2023): 330–353, <https://doi.org/10.1080/09692290.2023.2211281>.
- 337 Vinod K. Aggarwal and Andrew W. Reddie, “New Economic Statecraft: Industrial Policy in an Era of Strategic Competition,” *Issues & Studies* 56, no. 2 (2020), <https://doi.org/10.1142/S1013251120400068>.
- 338 Matthijs and Meunier, “Europe’s Geoeconomic Revolution.”
- 339 Philipp Genschel and Frank Schimmelfennig, “War, Political Development, and European Integration: A Debate on Kelemen and McNamara’s ‘State-Building and the European Union,’” *Journal of European Public Policy* 29, no. 12 (2022): 1867–1870, <https://doi.org/10.1080/13501763.2022.2141824>; R. Daniel Kelemen and Kathleen R. McNamara, “State-Building and the European Union: Markets, War, and Europe’s Uneven Political Development,” *Comparative Political Studies* 55, no. 6 (2022): 963–991, <https://doi.org/10.1177/00104140211047393>; and Kathleen R. McNamara, “Transforming Europe? The EU’s Industrial Policy and Geopolitical Turn,” *Journal of European Public Policy* 31, no. 9 (2023): 2371–2396, <https://doi.org/10.1080/13501763.2023.2230247>.
- 340 Marc R. Devore, “Defying Convergence: Globalisation and Varieties of Defence-Industrial Capitalism,” *New Political Economy* 20, no. 4 (2015): 569–593, <https://doi.org/10.1080/13563467.2014.951612>.
- 341 “SIPRI Arms Industry Database,” Stockholm International Peace Research Institute, <https://www.sipri.org/databases/armsindustry>.
- 342 Mitja Kleczka et al., “The Spectrum of Strategic Autonomy in EU Defence Supply Chains,” *Defence and Peace Economics* 35, no. 4 (2023): 427–447, <https://doi.org/10.1080/10242694.2023.2180588>.
- 343 Katherine Walla, “Europe ‘Must Get Its Act Together’ on Defense, Says Dutch Defense Minister,” *The Atlanticist* (blog), Atlantic Council, July 15, 2022. <https://www.atlanticcouncil.org/blogs/new-atlanticist/europe-must-get-its-act-together-on-defense-says-dutch-defense-minister/>; “A Stronger Netherlands, A Safer Europe. Investing in a Robust NATO and EU,” Dutch Ministry of Defence, white paper, Amsterdam, 2022; and Lally Weymouth, “Sweden’s Prime Minister: Europe Must Step up to Defend Itself,” *Washington Post*, July 9, 2024, <https://www.washingtonpost.com/opinions/2024/07/09/europe-nato-spending-sweden-kristersson/>.
- 344 Henry Foy and Sylvia Pfeifer, “Europe’s Defence Sector: Will War in Ukraine Transform Its Fortunes?,” *Financial Times*, July 18, 2022, <https://www.ft.com/content/0a917386-7a62-4e4a-9b89-123933f750a6>.
- 345 “EDF | Developing Tomorrow’s Defence Capabilities,” European Commission, https://defence-industry-space.ec.europa.eu/eu-defence-industry/european-defence-fund-edf-official-webpage-european-commission_en.

- 346 “Defence Data 2019-2020: Key Findings and Analysis,” European Defense Agency, 2021, <https://eda.europa.eu/docs/default-source/brochures/eda---defence-data-report-2019-2020.pdf>.
- 347 “Speech by President von der Leyen at the European Parliament Plenary on Strengthening European Defence in a Volatile Geopolitical Landscape,” European Commission, February 28, 2024, https://neighbourhood-enlargement.ec.europa.eu/news/speech-president-von-der-leyen-european-parliament-plenary-strengthening-european-defence-volatile-2024-02-28_en.
- 348 “A New European Defence Industrial Strategy: Achieving EU Readiness Through a Responsive and Resilient European Defence Industry,” European Commission, March 5, 2024, <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=JOIN%3A2024%3A10%3AFIN>.
- 349 “Strategic Technologies for Europe Platform,” European Union, https://strategic-technologies.europa.eu/about_en#press-and-media.
- 350 Aurélie Pugnet, “Breton Pitches €100 Billion Fund for Defence Industry Cooperation,” Euractiv, January 10, 2024, <https://www.euractiv.com/section/defence-and-security/news/breton-pitches-e100-billion-fund-for-defence-industry-cooperation/>.
- 351 Yoruk Bahceli and Dhara Ranasinghe, “Explainer: Why Germany’s Stance on Joint EU Debt Matters to Investors,” Reuters, October 11, 2022, sec. European Markets, <https://www.reuters.com/markets/europe/why-germanys-stance-joint-eu-debt-matters-investors-2022-10-11/>; and Johanna Treeck, Carlo Martuscelli, and Carlo Boffa, “Germany Torpedoes EU Dreams of Being a Financial Superpower,” *Politico*, September 25, 2024, <https://www.politico.eu/article/europe-financial-ambition-slam-germany-opposition-olaf-scholz-commerzbank/>.
- 352 “The European Commission and the European Investment Fund Join Forces to Boost Investment in Defence Innovation Through the Defence Equity Facility,” European Commission, January 12, 2024, https://ec.europa.eu/commission/presscorner/detail/en/ip_24_145.
- 353 “EU Finance Ministers Set in Motion EIB Group Action Plan to Further Step-up Support for Europe’s Security and Defence Industry,” EIB, press release, April 12, 2024.
- 354 Henry Foy et al., “Brussels Power Grab on Defence Irks Industry and EU Capitals,” *Financial Times*, February 21, 2024, <https://www.ft.com/content/20099233-e8e7-480f-b559-80bca89500d8>.
- 355 Thomas Gutschker, “Scholz sagt Nein zu EU-finanzierten Waffen” [Scholz Says No to EU-Funded Arms], *Frankfurter Allgemeine Zeitung*, June 28, 2024, <https://www.faz.net/aktuell/politik/ausland/eu-gipfel-in-bruessel-olaf-scholz-sagt-nein-zu-eu-finanzierten-waffen-19821498.html>.
- 356 Nikou Asgari, “French Capital Markets Union Plan Gets Backing From European Funds Body,” *Financial Times*, April 30, 2024, <https://www.ft.com/content/f177a670-b1ab-4bf8-8bd6-acf5adaa4efe>.
- 357 Henry Foy, “Why EU Leaders Reached a Stalemate on Joint Defence Bonds,” *Financial Times*, March 22, 2024, <https://www.ft.com/content/b73b8100-075b-471b-b2f8-f0d5d86c2196>.
- 358 “EDIRPA: Council Greenlights the New Rules to Boost Common Procurement in the EU Defence Industry,” Council of the European Union, October 9, 2023, <https://www.consilium.europa.eu/en/press/press-releases/2023/10/09/edirpa-council-greenlights-the-new-rules-to-boost-common-procurement-in-the-eu-defence-industry/>.
- 359 Jean-Pierre Maulny, “The Impact of the War in Ukraine on the European Defence Market,” Institute of International and Strategic Relations, September 2023, https://www.iris-france.org/wp-content/uploads/2023/09/19_ProgEuropeIndusDef_JPMaulny.pdf.
- 360 Rosa Balfour in this compilation.
- 361 Antonio Gramsci, *Selections From the Prison Notebooks of Antonio Gramsci* (New York: International Publishers, 1971).
- 362 Henry Farrell and Abraham L. Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion,” *International Security* 44, no. 1 (2019): 42–79, https://doi.org/10.1162/isec_a_00351; Richard Higgott and Simon Reich, “The Age of Fuzzy Bifurcation: Lessons From the Pandemic and the Ukraine War,” *Global Policy* 13, no. 5 (2022): 627–639, <https://doi.org/10.1111/1758-5899.13141>; Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy* (New York and London: W. W. Norton, 2011); Gary Gerstle, *The Rise and Fall of the Neoliberal Order: America and*

- the World in the Free Market Era* (New York: Oxford University Press, 2022); Rana Foroohar, *Homecoming: The Path to Prosperity in a Post-Global World* (New York: Crown Publishing Group, 2022); and David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005).
- 363 “Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution,” The White House, April 27, 2023, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution>.
- 364 Gerstle, *The Rise and Fall*; Helen Thompson, *Disorder: Hard Times in the 21st Century* (Oxford: Oxford University Press, 2022); Martin Wolf, *The Crisis of Democratic Capitalism* (London: Allen Lane, 2023); and Farooqar, *Homecoming*.
- 365 Gerstle, *The Rise and Fall*.
- 366 Fritz W. Scharpf, “Legitimacy in the Multilevel European Polity,” *European Political Science Review* 1, no. 2 (2009): 173–204, <https://doi.org/10.1017/S1755773909000204>.
- 367 David Beetham and Christopher Lord, *Legitimacy and the European Union* (Abingdon: Routledge, 1998), <https://doi.org/10.4324/9781315840949>.
- 368 Vivien A. Schmidt, *Europe’s Crisis of Legitimacy: Governing by Rules and Ruling by Numbers in the Eurozone* (Oxford: Oxford University Press, 2020).
- 369 Scharpf, “Legitimacy.”
- 370 Andrew Moravcsik, “Reassessing Legitimacy in the European Union,” *Journal of Common Market Studies* 40, no. 4 (2002): 603–624, <https://doi.org/10.1111/1468-5965.00390>; and Andreas Follesdal and Simon Hix, “Why There Is a Democratic Deficit in the EU: A Response to Majone and Moravcsik,” *Journal of Common Market Studies* 44, no. 3 (2006): 533–562, <https://doi.org/10.1111/j.1468-5965.2006.00650.x>.
- 371 Anand Menon and Stephen Weatherill, “Transnational Legitimacy in a Globalising World: How the European Union Rescues Its States,” *West European Politics* 31, no. 3 (2008): 397–416, <https://doi.org/10.1080/01402380801939610>
- 372 John G. Ruggie, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,” *International Organization* 36, no. 2 (1982): 1–37. I am grateful to Erik Jones for reminding me of “generative grammar.”
- 373 Martha Finnemore, “Legitimacy, Hypocrisy, and the Social Structure of Unipolarity. Why Being a Unipole Isn’t All It’s Cracked Up to Be,” *World Politics* 61, no. 1 (2009): 58–85, <https://doi.org/10.1017/S0043887109000082>.
- 374 Erik Jones, “The JCMS Annual Review Lecture,” *Journal of Common Market Studies* 50, no. s2 (2012): 53–67, <https://doi.org/10.1111/j.1468-5965.2012.02272.x>.
- 375 Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (New York: Rinehart, 1944).
- 376 Menon and Weatherill, “Transnational Legitimacy.”
- 377 Fabienne Ilzkovitz et al., “Steps Towards a Deeper Economic Integration: The Internal Market in the 21st Century,” European Commission, January 2007, https://ec.europa.eu/economy_finance/publications/pages/publication784_en.pdf; and “The Lime Assessment Framework (LAF),” European Commission, October 2008, https://ec.europa.eu/economy_finance/publications/pages/publication13275_en.pdf.
- 378 Liesbet Hooghe and Gary Marks, “A Postfunctionalist Theory of European Integration: From Permissive Consensus to Constraining Dissensus,” *British Journal of Political Science* 39, no. 1 (2009): 1–23, <https://doi.org/10.1017/S0007123408000409>.
- 379 Helene Sjursen, “The Legitimacy of European Union Foreign Policy,” *Global Affairs* 4, no. 2–3 (2018): 253–264, <https://doi.org/10.1080/23340460.2018.1532308>.
- 380 Adam Tooze, *Crashed: How a Decade of Financial Crises Changed the World* (New York: Viking, 2018).
- 381 Anthony Giddens, *The Third Way: The Renewal of Social Democracy* (Malden, Massachusetts: Polity Press, 2000).

- 382 Sheri Berman, “The Social Democratic Order and the Rise and Decay of Democracy in Western Europe,” in *The Downfall of the American Order?*, ed. Peter J. Katzenstein and Jonathan Kirshner (New York: Cornell University Press, 2022), 70–85.
- 383 “Consolidated Version of the Treaty on European Union,” article 21, Official Journal of the European Union, October 26, 2012, https://eur-lex.europa.eu/resource.html?uri=cellar:2bf140bf-a3f8-4ab2-b506-fd71826e6da6.0023.02/DOC_1&format=PDF.
- 384 François Duchêne, “Europe’s Role in World Peace,” in *Europe Tomorrow: Sixteen Europeans Look Ahead*, ed. Richard J. Mayne (London: Fontana, 1972), 32–47; Karen E. Smith, “The End of Civilian Power EU: A Welcome Demise or a Cause for Concern?,” *International Spectator* 23, no. 2 (2000): 11–28; and Mario Telò, *Europe: A Civilian Power? European Union, Global Governance, World Order* (Basingstoke: Palgrave, 2006).
- 385 Ian Manners, “Normative Power Europe: A Contradiction in Terms?,” *Journal of Common Market Studies* 40, no. 2 (2002), <https://doi.org/10.1111/1468-5965.00353>.
- 386 Anu Bradford, *The Brussels Effect: How the European Union Rules the World* (New York: Oxford University Press, 2020).
- 387 Wolf, *The Crisis*.
- 388 Peter Mair, *Ruling the Void: The Hollowing of Western Democracy* (London and New York: Verso, 2013), <https://hdl.handle.net/1814/28077>.
- 389 Rosa Balfour, “Brexit, the Democratic Question in Europe, and the Future of the EU,” German Marshall Fund of the United States, December 9, 2019, <https://www.gmfus.org/news/brexit-democratic-question-europe-and-future-eu>.
- 390 Adam Tooze, “Welcome to the World of the Polycrisis,” *Financial Times*, October 28, 2022, <https://www.ft.com/content/498398e7-11b1-494b-9cd3-6d669dc3de33>.
- 391 Giovanni Grevi, “Fostering Europe’s Strategic Autonomy: A Question of Purpose and Action,” European Policy Centre, December 2020, https://www.epc.eu/content/PDF/2020/Final_Paper_Purpose_and_Action_Layout_JF_II_1_.pdf; and Niklas Helwig and Ville Sinkkonen, “Strategic Autonomy and the EU as Global Actor: The Evolution, Debate and Theory of a Contested Term,” *European Foreign Affairs Review* 27 (2022): 1–20, <https://doi.org/10.54648/eerr2022009>.
- 392 Enrico Letta, “Much More Than a Market,” Council of the European Union, April 2024, <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>.
- 393 “European Council Meeting (27 June 2024) – Conclusions,” European Council, June 27, 2024, <https://www.consilium.europa.eu/media/qa3lbg/a/euco-conclusions-27062024-en.pdf>.
- 394 Mario Draghi, “The Future of European Competitiveness: Part A | A Competitiveness Strategy for Europe,” European Commission, September 2024, https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The%20future%20of%20European%20competitiveness%20-%20A%20competitiveness%20strategy%20for%20Europe.pdf.
- 395 Nicolai von Ondarza, “The Crisis Governance of the European Union,” German Institute for International and Security Affairs, September 10, 2023, https://www.swp-berlin.org/publications/products/research_papers/2023RP10_EU_crisis-governance.pdf.
- 396 Stefan Lehne, “The Comeback of the European Commission,” Carnegie Europe, April 24, 2023, <https://carnegieendowment.org/research/2023/04/the-comeback-of-the-european-commission?lang=en¢er=europe>.
- 397 Marco Buti, “When Will the European Union Finally Get the Budget It Needs?,” Bruegel, December 7, 2023, <https://www.bruegel.org/analysis/when-will-european-union-finally-get-budget-it-needs>.
- 398 Philip Blenkinsop, “Draghi Urges EU to Catch Up Rivals [*sic*] or Face ‘Slow Agony,’” Reuters, September 9, 2024, <https://www.reuters.com/markets/europe/draghi-urges-reform-massive-investment-revive-lagging-eu-economy-2024-09-09/>; and Carlo Martuscelli, “Mario Draghi’s Plan to Fix a Broken Europe Already Looks Impossible,” *Politico*, September 9, 2024, <https://www.politico.eu/article/mario-draghi-report-europe-finances-invest-energy-work/>.

- 399 “Completing the Internal Market: White Paper From the Commission to the European Council (Milan, 28-29 June 1985),” Commission of the European Communities, June 14, 1985, <https://op.europa.eu/en/publication-detail/-/publication/4ff490f3-dbb6-4331-a2ea-a3ca59f974a8/language-en>.
- 400 Henry Foy and Ian Johnston, “The EU’s Plan to Regain Its Competitive Edge,” *Financial Times*, November 4, 2023, <https://www.ft.com/content/124b4cdb-deb9-49a0-b28d-d97838606661>.
- 401 “Daily Morning News Briefing,” EuroIntelligence Professional, January 11, 2024.
- 402 Jan Strupczewski, “EU Leaders to Back More EIB Financing of Defence Projects - Draft,” Reuters, March 12, 2024, <https://www.reuters.com/world/europe/eu-leaders-back-eib-financing-defence-projects-draft-conclusions-2024-03-12/>.
- 403 “Speech by Federal Chancellor Olaf Scholz at the Charles University in Prague on Monday, 29 August 2022,” German Federal Government, August 29, 2022, <https://www.bundesregierung.de/breg-en/federal-government/scholz-speech-prague-charles-university-2080752>.
- 404 “Official Speeches and Statements - April 18, 2023,” Embassy of France in Washington, D.C., April 18, 2023, <https://franceintheus.org/spip.php?article11269#1>.
- 405 “Spain-Netherlands Non-paper on Strategic Autonomy While Preserving an Open Economy,” Rijksoverheid, March 25, 2021, <https://open.overheid.nl/documenten/ronl-fd3bbc94-f598-45b3-abbd-75bfd5b18b97/pdf>.
- 406 “Trade Policy Review - An Open, Sustainable and Assertive Trade Policy,” European Commission, Directorate-General for Trade, February 18, 2021, <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:52021DC0066>.
- 407 “Official Speeches,” Embassy of France.
- 408 Rosa Balfour and Stefan Lehne (eds.), “Charting the Radical Right’s Influence on EU Foreign Policy,” Carnegie Europe, April 18, 2024, <https://carnegieendowment.org/research/2024/04/charting-the-radical-rights-influence-on-eu-foreign-policy?lang=en¢er=europe>.
- 409 Olivia Lazard and Richard Youngs (eds.), “The EU and Climate Security: Toward Ecological Diplomacy,” Carnegie Europe, July 12, 2021, <https://carnegieendowment.org/research/2021/07/the-eu-and-climate-security-toward-ecological-diplomacy?lang=en¢er=europe>.
- 410 Eugenia Baroncelli and Sinan Ülgen in this compilation.
- 411 Joan Robinson, *Essays in the Theory of Employment* (Oxford: Basil Blackwell, 1947). I am grateful to Michael Pettis for bringing this reference to my attention.
- 412 Anna Ilyina, Ceyla Pazarbasioglu, and Michele Ruta, “Industrial Policy Is Back but the Bar to Get It Right Is High,” International Monetary Fund, April 12, 2024, <https://www.imf.org/en/Blogs/Articles/2024/04/12/industrial-policy-is-back-but-the-bar-to-get-it-right-is-high>.
- 413 Enrico Letta, “Much More Than a Market,” European Council, April 2024, <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>.
- 414 See, for example, “Discours du Président de la République sur l’Europe à la Sorbonne” [Speech by the President of the Republic on Europe at the Sorbonne], Élysée Palace, April 25, 2024, <https://www.elysee.fr/front/pdf/elysee-module-22625-fr.pdf>; and Philip Blenkinsop, “Draghi Urges EU to Catch Up Rivals or Face ‘Slow Agony,’” Reuters, September 9, 2024, <https://www.reuters.com/markets/europe/draghi-urges-reform-massive-investment-revive-lagging-eu-economy-2024-09-09/>.
- 415 Joan Robinson, *Essays in the Theory of Employment* (Oxford: Basil Blackwell, 1947).
- 416 Interestingly, the International Monetary Fund has already launched an initiative on this theme, through which it is collaborating with the World Trade Organization to promote a multilateral dialogue on trade and industrial policy.
- 417 See, for instance, Jennifer Hillman and Inu Manak, “Rethinking International Rules on Subsidies,” Council on Foreign Relations, September 2023, <https://www.cfr.org/report/rethinking-international-rules-subsidies>.



Carnegie Europe

Carnegie Europe delivers interdisciplinary expertise and independent insights that bring together national, regional, and global perspectives and help European policymakers grasp and respond to global challenges. From Brussels, we focus on three themes: the European Union's relations with its partners and competitors; the risks of democratic backsliding in Europe and around the world; and Europe's efforts to meet today's most pressing global challenges, from climate change to the new frontiers of cyber diplomacy.

Carnegie Endowment for International Peace

In a complex, changing, and increasingly contested world, the Carnegie Endowment generates strategic ideas, supports diplomacy, and trains the next generation of international scholar-practitioners to help countries and institutions take on the most difficult global problems and advance peace. With a global network of more than 170 scholars across twenty countries, Carnegie is renowned for its independent analysis of major global problems and understanding of regional contexts.



CarnegieEurope.eu