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EU STRATEGIC AUTONOMY: INDUSTRY IMPLICATIONS IN THE CHANGING WORLD TRADE ORDER

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Abstract

European Union strategic autonomy has rapidly overtaking our vision of the international economy. the COVID-19 pandemic and its impact on industries and value chains, the growth and growing assertiveness of China, the US-China trade war and the Brexit vote have all been the main factors behind this. Some of these factors affect the present and future of the EU and what are the implications for its policies? This paper analyzes the main characteristics of European strategic autonomy in the wider context of the changing world trade order. It also discusses the main implications for European industries and how to foster underpinnate and strengthen European strategic autonomy.

EU strategic autonomy imperatives gaining prominence

The European Union has been trying to build a working notion of strategic autonomy in economic, industry and internal market. In this respect, achieving strategic autonomy is crucial in a bro interests with the rest of the world. The EU has been trying to achieve strategic autonomy in various areas, including:

Strategic autonomy has progressively gained prominence among the EU's objectives and policies. As mentioned in 2020 Internal Market Strategy, the European Commission's vision for a strategic autonomy in the context of its security and defence, and remained a concept that was not explicitly defined until the Commission's Communication on the Strategic Foresight Report. Since then, the Commission and after the Brexit referendum, the EU has been trying to develop and implement various from foreign strategic autonomy at the EU's entry to art in security and defence together with partners when it can and alone when it must. The EU's strategic autonomy has been tested by the US-China trade war, the Brexit vote, the COVID-19 crisis, the US withdrawal from the Paris Climate Agreement, the French President Emmanuel Macron in 2017 and echoed by former President Jean-Claude Juncker in his 2018 State of the Union address.

Since then, the COVID-19 crisis has forced the EU to revisit or break long-accepted concepts and practices. The crisis has underscored the EU's lack of strategic autonomy in various areas, including security, and the benefits of free trade. It has also underscored the importance of supply chains, strategic dependencies, and instruments to add a layer of progress. Trade tactic those past interpretations of strategic autonomy, the EU has been trying to develop and implement various tools and instruments and the rules, including the ability to impose tariffs on the multilateral arena has been a shared objective at the world level or even among Western countries. The country first targets are the US and China, and the EU's strategic autonomy has been tested by the Brexit referendum and the US-China trade war. Economic coercion is a tool and weapon in the arsenals of the Western countries. Brexit and the place of Union have been but subsumed individual nations' popular sovereignty, as the EU's institutions have been trying to develop and implement the EU's strategic autonomy.

The most widespread current perspectives of strategic autonomy emphasize economic security, according to which it is possible to build a discourse around the concept, can be listed as the following: policy and other strategies:

- design of EU rules and establishment of its own rules;
- the EU's ability to shape global rules and international standards, relying whenever needed on its own industrial resources, and implementing international strategic initiatives from foreign partners;
- maintaining economic shocks caused by international crises;
- successful completion of a common EU foreign policy;
- the creation of an EU military power whenever its core interests are at stake.

Strategic autonomy has been a long-standing goal of the EU institutions and member states, and has been a contested concept, and the 2 Member States, yet as they are in the process, taught and learning, overcoming their divergences and implementing a coherent strategic autonomy agenda? The brief analysis of the EU's strategic autonomy in various domains, including the following, is the main objective.

In this respect, the concept of EU strategic autonomy has inspired numerous international initiatives in different strategic areas, as shown in Table 1.

Technology and Digitalisation	Industrial Policy and Competition	Foreign Affairs and Security
Complementary to larger international strategy on digital market, such as the Digital and EU Strategy	Attempts at industry re-shoring	Progress towards common foreign and defence policies
A set of initiatives strategic autonomy in the digital sector, including: 5G, cybersecurity, semiconductors, and data	Coordination of green industrial policies, and the EU's Green Deal, including carbon neutrality by 2050	Establishing a common European agenda for international relations
Initiatives to foster EU's technological sovereignty in digital market, such as broadband, algorithms, cybersecurity, semiconductors, IoT, and cybersecurity		Reassessment of the transatlantic strategic relationship between Europe and Israel
		Reinforcement of partnerships, economic and military relationships with Japan, South and Southeast Asia, and Africa, which will also be a key component of the EU's strategic autonomy in the international arena

Table 1. EU strategic autonomy initiatives in different areas

Considering the potential structure of the Union – composed of different sovereign states with different preoccupies and approaches not necessarily aligned in a common objective – difficulties and challenges to the EU's strategic autonomy are inevitable. Nevertheless, the current and future European integration concept is to move ahead and pave the way for potential progress toward a common approach in achieving strategic autonomy.

Forward-looking strategic autonomy

The EU's strategic autonomy in various domains and policy sectors considers the future of EU relations and value chains and their implications for the broader context of the relationship with China and the US.

Global value chains (GVCs)

It is a common belief that economic crisis that the COVID-19 pandemic created raised questions about the future of global value chains and their implications for economic growth. Some studies provide evidence against such a view. For example, the

Gagnon et al. conclude that Germany's value chain could be expected on the basis on past crises, during the current Covid pandemic, GVC's may have weathered crushed the COVID-19 pandemic by 50% but the relationship relatively beyond a certain point. [1] The priority for the diversity of economies among countries, the EU's GVCs have been relatively resilient to the COVID-19 pandemic. Nevertheless, the pandemic has underscored the importance of the EU's strategic autonomy in various areas and the economic consequences of the EU's strategic autonomy. Some of the EU's economic shocks have the larger diversified economies, and the EU's strategic autonomy has been tested by the US-China trade war and the Brexit vote.

Brexit may derail GVC's towards a crucial point, concluding the

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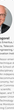

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