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**NAVIGATING THE COMPLEX  
REALITIES OF STRATEGIC  
AUTONOMY – AND WHERE  
THAT LEAVES EUROPEAN  
DEFENCE**

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## Introduction

'Strategic autonomy' has become a buzzword in Brussels since it was revived by French President Emmanuel Macron in 2017. To conceptualise the problems facing the European Union (EU) and the continent, Macron (2017) wished to create autonomy in areas of strategic importance, such as defence, energy and high-end semiconductors. While this initially meant cultivating independence from all external actors, other EU Member States have clarified that this should occur in line with allies and partners like the United States (US) and Japan (Tocci, 2021).

The term was first adopted in the European Commission's Communication *Towards a more competitive and efficient defence and security sector* of 2013, whereby a 'certain degree of strategic autonomy' is necessary 'to be a credible and reliable partner' (European Commission, 2013, p. 3). The Communication posits that 'Europe must be able to decide and to act without depending on the capabilities of third parties' (European Commission, 2013, p. 3). Special notice is given to the security of supply, access to critical technologies and operational sovereignty (European Commission, 2013, p. 3).

Currently, the concept can be divided into three dimensions: political autonomy describes the capacity to formulate and implement decisions; operational autonomy involves the ability to independently plan and carry out civilian and military operations within a defined institutional framework; and industrial autonomy refers to the ability to develop and construct the capabilities required to attain operational autonomy (Mauro, 2018, p. 20).

Envisioning the challenges ahead is essential. However, this Info Flash will contend that economic reasoning will continue to trump political motivations. The notion of strategic autonomy is unlikely to alter this substantively. This piece will look at the economics and politics of strategic autonomy separately, combining them with regard to defence.

## The Economics of Strategic Autonomy

The European Commission's recent *European Economic Security Strategy* aims to enhance strategic autonomy by promoting the competitiveness of European industry, protecting itself from external threats and partnering with like-minded countries (European Commission, 2023). For the first time, the document links economic issues to security and foreign policy, accompanying an investment screening mechanism and anti-coercion instrument, among other things (Steinberg & Benson, 2023).

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These measures will be evident in elevating the Union's strategic autonomy. As much of the EU's power lies in its economic heft, its instrumentalisation will assist the bloc in safeguarding its core interests. While it presents a good starting point, experts hold different views on its effectiveness. According to Chris Miller, Associate Professor of International History at Tufts University, the de-risking concept, through which the Commission wants to reduce the risks of overdependence, is 'just not honest about the costs it involves' (The Economist, 2023b). While the general public supports such measures (Puglierin & Zerka, 2023), the uncertainty lies in whether they will be willing to shoulder the costs. At times of economic unease due to high inflation and risk of recession, will national governments be able to absorb or mitigate the shocks?

## **The Politics of Strategic Autonomy**

Historically, the EU's focus has been on economics. Politics has largely been inferior to it. This emphasis has been prevalent since the creation of its preceding European Coal and Steel Community and the European Economic Communities. Early endeavours to construct defence and political communities in the 1950s failed. The idea of political cooperation was reintroduced in 1970 but only made a significant impact with the establishment of the Common Foreign and Security Policy through the Maastricht Treaty of 1992. This Treaty also started defence collaboration. Nevertheless, this only came to fruition with the Lisbon Treaty of 2009 and the later establishment of the Permanent Structures Cooperation (PESCO) and the European Peace Facility.

The other side of the struggle lies in the Member States. Apart from the economic ability to mitigate shocks, how will national politicians be able to explain the costs attached to implementing strategic autonomy to the industries and their voters? While precise figures regarding these costs are absent, the European Bank for Reconstruction and Development found that 'friend-shoring' – the preference for sourcing inputs from economies that uphold similar values – will lead to economic losses of up to 4.7 per cent of GDP (Javorcik et al., 2023). Ultimately, businesses and consumers will collectively experience these setbacks, reducing their wealth and welfare.

The Commission's approach to strategic autonomy, outlined in part in its *Economic Security Strategy*, is bound to have a greater impact. As previously stated, it encompasses promoting and protecting the internal market by including anti-coercion and foreign direct investment screening instruments (European Commission, 2023), which burdens industries and businesses in the Member States. Moreover, Fleck and Batchik (2023) observe reservations and resistance by national governments towards the Commission's proactive stance on security, defence and economics, which are primarily national competencies. As the Berlaymont depends on Member States' capitals to adopt and implement its policies, it might be challenging for some to survive the process (Fleck & Batchik, 2023).

For instance, the Chinese market is 'key to [Volkswagen's] global ambitions', employing 90,000 workers in 40 factories in the country (Bloomberg, 2022). Furthermore, the German car industry employs 2.5 million at home, around 5 per cent of the workforce (The Economist, 2023a). Reducing dependencies on China will hence be complicated without affecting the industrial base and citizens at home. It raises the question of which politician would tackle the matter and, as previously mentioned, how much citizens would be willing to accept. Given slowing economic growth, the latter is likely limited. Populist discourse and following has been on the rise across the continent.

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Lastly, identity plays a prominent and often overlooked role. For instance, where the U.S. Congress and the Biden administration are able to harmonise their approach to their country's overdependence on China, EU Member States tend to perceive such matters nationally. The lack of European unity limits the chances of effective cooperative strategies; The result is divergence. German Chancellor Olaf Scholz downplays Germany's exposure to China (Rinke & Marsh, 2023). At the same time, French President Emmanuel Macron stated that Europe should not get 'caught up in crises that are not ours' concerning Taiwan in order to avoid becoming 'America's followers' (Anderlini & Caulcutt, 2023). Lithuania wishes to protect itself from 'ever-intensifying autocratic control methods' (Lau, 2023). All in all, the belief in collective action is only marginally present due to varying situations and self-focused perspectives.

### **Strategic Autonomy in Defence**

This need for collective action is in no field more vital than in the realm of defence and security. Russia's war in Ukraine and Washington's proclaimed shift to the Indo-Pacific have left a void for the Europeans to fill. Strategic autonomy is also relevant regarding resources. Disruptions in supply chains, as seen during the pandemic and now with the Russia-Ukraine war, are an incentive to secure supplies at home. Along these lines, the European Commission has responded to the latter by proposing its Critical Raw Materials Act and Chips Act, which aim to ensure the EU's access to supply chains and build future resilience in these sectors.

In defence and security, this Info Flash's premise, namely that economic reasoning takes precedence over political motivations, also holds, be it to a lesser extent. Economics does not always supersede politics. The national military-industrial complex of EU Member States is highly protected. Thus, while some European defence companies operate in the market and have increased their influence (Rufanges, 2015), the national industries are guarded by the principle of *juste retour*. As per Darnis et al. (2007, p. 25), this principle entails that a 'national defence industry must receive work worth the full amount of its government's financial contribution to a programme'. Allocating national budgets on European coordination may hinder proper economies of scale and effective cost management. Moreover, national military requirements can form another costly barrier to interoperability (Darnis et al., 2007). Thus, economics obstructs the EU's industrial autonomy, although political matters also contribute to the issue (Biermann & Weiss, 2021).

However, on the whole, political matters appear more profound. Zandee *et al.* (2020) find that 'the root of the problem is the member states' reluctance to pool or transfer sovereignty in security and defence from the national to the European level' (p. 2). While they acknowledge the past years' developments, they conclude that the outcome is more or less a 'free for all' in European capability development (Zandee *et al.*, 2020, p. 2). Paradoxically, politics hence prevents political and operational autonomy in defence and security matters.

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## Final Remarks

In sum, economics is expected to take precedence over politics. Because of this, the Commission's pursuit of political, operational and industrial autonomy within the defence and security realm is likely to face challenges. Industrial autonomy is primarily a matter of economics, while politics determines the level of autonomous decision-making and ability to prepare and perform operations on the European level. They all impact interoperability in different ways. Protectionist measures of national defence industries hamper cooperation and collaboration between EU Member States. Political reluctance to consolidate resources and transfer decision-making authority to the EU impedes the progress towards establishing sizeable European capabilities. These issues will become more pressing at a time when the EU's power will decline with the world order becoming more a la carte, whereby 'the age of the Western-set menu is over. And the new menu, while heavily influenced by two lead chefs, is still being written' (Russell, 2023).

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