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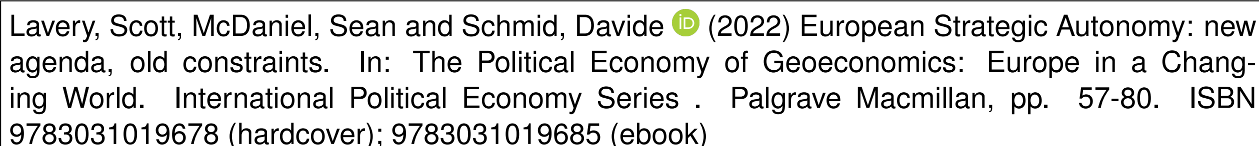

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European Strategic Autonomy: New Agenda, Old Constraints

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Introduction

The past decade has seen a number of transformations in the global order. The continued rise of China, the weakening of the traditional leadership role of the US and entrenched economic instabilities have produced intensified inter-regional competition and new patterns of global turbulence (Lavery & Schmid, 2021; see also the other chapters of this volume). Many scholars have interpreted these changes to herald an increasingly 'geo-economic' world, within which the lines between national security and economic policy become increasingly blurred (Luttwak, 1990; Roberts et al., 2019; Gertz et al., 2020). Within Europe, these geoeconomic challenges have given rise to the idea that the EU needs to secure 'strategic autonomy' (Christiansen, 2020). While this term is highly contested, it has come to embody a general ambition to secure greater European independence in a volatile world economy and inter-state system (SWP, 2019). This is fuelled by the sense, in Angela Merkel's words, that 'the times in which [Europe] could completely rely on others are long gone' (FAZ, 2017).

The principal aim of this chapter is to map the development of the European discourse on strategic autonomy over the past decade. In the first section we explore the *development* of the concept from a narrow focus on defence and security policy, through to its *diffusion* into numerous policy domains, before tracing how a series of *divergences* have emerged between different member states and political actors in relation to the concept, leading to the often-noted ambiguity and malleability of the term. Strategic autonomy has therefore expanded from being a narrowly geopolitical vision to a comprehensive, albeit tension ridden, geoeconomic programme for Europe's place in a changing global order.

In the second and third sections we explore these divergences empirically. Drawing upon over 250 French, English and German language documents from 2013 to 2021, including policy reports, think tank briefings, and government papers from various stakeholders, we map the key divergences across different policy areas amongst key member states, economic interest groups and the European institutions.[1] Our analysis focuses in particular on the developing relations between French and German actors, EU policymakers and other actors where relevant. We find that two key tensions have emerged in relation to the strategic autonomy agenda. The first relates to the division between those actors that favour retaining Europe's close alignment to the US-led international order and those that want to see Europe take a stronger and more independent role

[1] For a broader survey and empirical mapping of all 28 member states' views on strategic autonomy, see the 2019 report by the European Council on Foreign Relations (Franke and Varma 2019).

in defence on the international stage. The second tension relates to the contrast between neo-mercantilists who advocate for the concept of strategic autonomy as a way to construct a more cohesive European economic bloc and neo-liberals that are pushing to shore-up the EU's liberal economic orientation, echoing previous conflicts over the shape of European capitalism (Van Apeldoorn, 2002). We argue that these contemporary divergences correspond to long-standing historical tensions built into the fabric of European integration between 'Europeanists' on the one hand and 'Atlanticists' on the other.

A number of points follow from this empirical analysis. First, the ambiguous and contested character of strategic autonomy is in part a result of attempts to reconcile competing visions of Europe's place in the world. Second, these tensions replicate long-standing patterns which have shaped the development of European integration historically. Third, these old constraints are likely to militate against the ambition to secure strategic autonomy in the context of the new geoeconomic challenges posed by the contemporary global order. The final section concludes and draws-out some wider reflections on what this means for Europe's place in a changing global economy and inter-state system. It also considers the implications of our analysis for the burgeoning academic literature on geoeconomics.

European Strategic Autonomy: Development, Diffusion, Divergence

The evolution of European strategic autonomy can be traced across three stages: from its early *development* in the sphere of European defence and security policy; through its subsequent *diffusion* across a wide range of policy areas; to a point where a series of marked *divergences* between actors on the meaning and utility of the concept came to the fore. In what follows, we trace how the concept evolved across these three axes before considering in more detail its contested application across a number of concrete policy areas.

Development: Strategic Autonomy in Europe's Defence, Technological and Industrial base

The concept of strategic autonomy first emerged on the European level in the early 2000s, with the launch of the Galileo space programme which aimed to create a European alternative to the US and Russian global navigation systems (DG External Policies, 2020). EU Transport Commissioner Jacques Barrot suggested in 2007 that 'Europe needs Galileo … [it] is very important for the strategic autonomy of Europe' (DW 2007). It was in 2013 when the concept re-emerged and gained new impetus in the context of debates on European defence (European Council, 2014). European elites have long recognised challenges facing the European defence sector, including the fragmentation of Europe's defence, technological and industrial base (EDTIB), the duplication of defence systems and dependence on third countries for providing critical inputs (European Parliament, 2020; CEPS, 2013). It was in response to these concerns that the December 2013 European Council first deployed the term strategic autonomy. The Council argued that Europe needed to develop a more "integrated, sustainable, innovative and competitive defence technological and industrial base (EDTIB)…[in order to]…enhance its strategic autonomy" (Ibid). The Foreign Affairs Council echoed this language in 2015, underlining the point that developing the EDTIB would bolster European security while also bringing economic

benefits, contributing to "jobs, growth and innovation across the EU and…Europe's strategic autonomy" (European Council, 2015).

The development of strategic autonomy discourse gained further impetus under the Commission of Jean-Claude Juncker and High Representative of the Union for Foreign Affairs, Federica Mogherini. In 2015, the Commission announced the launch of two pilot schemes which preceded the creation of the European Defence Fund (EDF), a €13 billion programme aimed to facilitate coordination of European defence research capabilities and to strengthen the EDTIB (European Commission, 2018). A series of subsequent interventions, including the 2016 EU Global Strategy document, emphasised that "a sustainable, innovative and competitive European defence industry is essential for Europe's strategic autonomy and for a credible Common Security and Defence Policy (CSDP)" (EUGS, 2016: 45).

The original idea of European strategic autonomy was therefore rooted in two related objectives: to reduce Europe's external dependence on third countries while simultaneously enhancing Europe's internal coordination mechanisms in ways which would enhance its capability to act in the world. While in its original formulation this related specifically to defence issues, the logic of self-sufficiency and building-up internal capacities remained in place as the idea of strategic autonomy expanded into other policy areas.

Diffusion: Industrial Strategy, Finance, the euro and COVID-19

Between 2014 and 2021, there was an increasing *diffusion* of the concept of strategic autonomy beyond the domain of defence, such that it became increasingly mobilised in relation to a broader range of policy issues and sectors, as outlined in the timeline in Figure 1. This can be seen across four policy areas, in relation to the question of industrial strategy, European financial markets, the internationalisation of the euro and the COVID-19 pandemic.

The diffusion of strategic autonomy to other policy areas can be seen clearly in the European Commission's (2020a) landmark *A New Industrial Strategy for Europe* report. The report states that: "Europe's strategic autonomy is about reducing dependence on others for things we need the most: critical materials and technologies, food, infrastructure, security and other strategic areas…[which] provide Europe's industry with an opportunity to develop its own markets, products and services which boost competitiveness" (ibid: 13). Reducing Europe's external 'dependence' on third countries here remains as a key objective but the range of possible 'dependencies' has expanded beyond questions of defence. In connection to this, initiatives such as the special state aid regulations for Important Projects of Common European Interest (IPCEI) are intended to promote projects in key technological areas such as data infrastructure and batteries, as part of a broader focus on achieving 'technological sovereignty' (European Parliament, 2021)

In relation to the euro, Josep Borrell, High Representative of the EU for Foreign Affairs and Security Policy, stated that, "to increase the EU's strategic autonomy, an *excessive dependence on the dollar* is one of our weaknesses...the EU should foster a greater use of the euro in international transactions" (Borrell, 2021). Notably, the ECB has also deployed the concept in its publications, noting that expanding global usage of the euro can contribute to a wider agenda of securing strategic autonomy in the international monetary system (ECB, 2020).

The Capital Markets Union Action Plan similarly underlined the importance of developing deep and liquid European financial markets in order to support 'strategically-open autonomy in an increasingly complex global economic context' (Commission, 2020b: 2). Again, the logic of deepening European level coordination mechanisms and internal capacities is identified as a key precondition of securing an independent European role within the global economy.

By 2020, with the world engulfed by the COVID-19 pandemic, the idea of strategic autonomy was again mobilised to refer to the need for the EU to secure its independence in terms of the production of vital supplies related to public health (European Council, 2020). The diffusion of the idea from defence to a far wider range of issues therefore culminated in the concept becoming a key framing device in terms of Europe's COVID-response.

Figure 1 A Timeline of European Strategic Autonomy

Date	Event
2007	The concept of strategic autonomy is first used in relation to the European Galileo space programme.
April 2013	France's Defence White Paper references strategic autonomy as a national level issue (Ministère des Armées, 2013)
November 2013	European Council (2014) first uses the concept in December 2013, in relation to the European Defence and Technological Industrial Base (EDTIB)
June 2016	The 2016 EU Global Strategy (EUGS, 2016) mentions strategic autonomy five times, focussing principally on its defence and security implications while also emphasising associated economic benefits and the importance of multilateralism.
September 2017	Macron (2017) gives a major 'Initiative for Europe' speech at the Sorbonne on the goal of European sovereignty and sets out his aim for strategic autonomy by linking together different issues including defence, ecology, the economy, food sovereignty and technological infrastructure.
November 2019	Macron gives a wide-ranging interview with The Economist (2019) and declares NATO to be 'brain dead'.
March 2020	European Commission (2020a) publishes *A New Industrial Strategy for Europe*, which has a sub-section dedicated to strategic autonomy and emphasises its relation to FDI screening, digital infrastructure, the EDF and integration of the defence-industrial base and pharmaceutical strategy.

April 2020	*A Roadmap for Recovery* is announced by President of the European Council Charles Michel and President of the Commission Ursula Von Der Leyen. Lays out EU response to COVID-19 and longer-term vision. Mentions strategic autonomy in relation to industrial strategy, in particular support for SMEs and FDI screening (European Council, 2020)
September 2020	'Open Strategic Autonomy' is used by Sabine Weyand, Director General for Trade, European Commission. This exemplifies a shift around 2019 to prefix Strategic Autonomy with 'open' (EEAS, 2020).
November 2020	Macron gives an interview to Le Grant Continent (2020) setting out his vision of strategic autonomy and how the 'Paris Consensus' can replace the neo-liberal 'Washington Consensus'.
November 2020	Dispute between German Defence Minister Annegret Kramp-Karrenbauer and Macron over strategic autonomy and its implications for the future of the transatlantic alliance (Politico, 2020c; Le Grand Continent, 2020).

The diffusion of strategic autonomy from narrow questions about European defence to other sectors was propelled by two structural shifts in the global context. The 'shocks' of 2016 – the UK's vote for Brexit and the election of Donald Trump in the US – raised questions about Anglo America's commitment to the institutions of liberal internationalism and created a space within which European leaders could project a more assertive international policy stance (Besch, 2016). Emmanuel Macron, for example, noted at the time that the Trump presidency represented a break from the US' traditional support for the EU, which required a more assertive position with respect to its foreign policy and defence issues (Economist, 2019). These sentiments were echoed by Ursula Von Der Leyen, who pledged in 2019 to run a 'geopolitical Commission', capable of responding to the challenges of an increasingly polarised and unstable world (European Commission, 2019b).

The continued rise of China in the post-2008 period and its pivot in 2015 to the 'Made in China 2025' (MIC25) strategy further consolidated concerns that the EU was falling behind in terms of technological and industrial leadership in key sectors vis-à-vis emerging economies (SWP, 2020a). The Commission's 2019 China Strategy argued that it would be necessary to "foster industrial cross-border cooperation, with strong European players, around strategic value chains that are key to EU industrial competitiveness and strategic autonomy" (Commission, 2019a). By 2021, the concept of strategic autonomy had therefore become established as a prominent theme in European policymaking and extended far beyond its original formulation in relation to questions of defence (European Council, 2020).

Divergence: Strategic Autonomy as a Contested Concept

The diffusion of the idea of strategic autonomy was not, however, straightforward or uncontroversial. As the use of the concept has grown, it has provoked negative reactions and has exposed a series of *divergences* between different European actors regarding the meaning and implications of the concept. Most notably, German and French views on strategic autonomy began

to differ, coalitions of Northern and CEE member states formed seeking to soften the agenda and various business groups spoke out seeking to limit the protectionist overtones of strategic autonomy. As a result, the concept has undergone a series of permutations as advocates sought to neutralise criticism and weld together a diversity of views. Indeed, a number of reports describe the 'fuzzy', malleable and vague nature of strategic autonomy (see Sénat, 2019; DGAP, 2021a). This is exemplified by the recent turn to discussing the need for 'open' strategic autonomy, which is meant to signal that the approach does not negate a commitment to multilateralism or a liberal approach to global economic governance (EEAS, 2020). Other formulations have proliferated too. Macron (2017) has foregrounded the question of French and European sovereignty, even expanding the concept so that it incorporates civilizational questions of European Enlightenment and progress (Le Grand Continent, 2020). The Commission itself has deployed the phrase 'open strategic autonomy' (Commission, 2020b). The vagueness of the term should not, however, be interpreted simply as the product of intellectual or ideological incoherence. Rather, we can better understand the fraught development of strategic autonomy as a product of a battle between long-standing competing visions of Europe's place in the world, and attempts to reconcile these competing perspectives that have been at the heart of the project of European integration for decades.

Europe versus the Atlantic?

The ambition of securing European strategic autonomy is not new. Throughout the post-war period, European elites aimed to carve out a space of relative European autonomy while aligning to US global power (Lavery and Schmid, 2021). In the immediate post-war period, the US played an instrumental role in Western European reconstruction (Panitch and Gindin, 2012; Lundestad, 2003). This took place within an Atlantic framework, underpinned by institutionalised trans-Atlantic cooperation embodied in the Marshall Plan, NATO, the formation of the OEEC and successive GATT trade rounds (Lundestad, 1998: 52). However, the reconstruction of Western Europe simultaneously gave shape to an alternative regional bloc which had the potential to rival the US and its Atlantic framework. In order to better understand the divergences which characterise the strategic autonomy agenda, it is helpful to contextualise the programme in terms of these longer-term historical antinomies.

In the following sections, we trace how the European challenge to Atlanticism has been historically expressed through two key and overlapping axes, one geopolitical and one geoeconomic. The first relates to traditional issues of defence, foreign policy and geopolitics and centres around Europe's position within the Atlantic security framework. The second geoeconomic axis relates to questions of political economy and the degree to which Europe should be open to global market forces. Historically, forces supporting the Atlanticist and neo-liberal visions of Europe's place in the world have generally prevailed over their Europeanist rivals (Van Apeldoorn, 2002). There are good reasons to think these familiar patterns will continue to constrain the European strategic autonomy agenda.

A Geopolitical Europe?

The first tension which characterises contemporary discourse and policy on strategic autonomy relates to the contrast between two distinct approaches to Europe's security and defence policy. The Europeanist approach, championed by France and popular in EU policy making circles, calls for a bolder and more independent European security and defense policy that develops Europe's autonomous capabilities in military and foreign affairs and reduces the continent's dependence on NATO and on the security umbrella of the United States (SWP, 2019). The Atlanticist approach, espoused by Northern and Central and Eastern European (CEE) countries, favours the continuation of the established model of transatlantic security cooperation. Tensions between the Europeanist and Atlanticist positions run through the entire lifespan of European integration. In the 1960s, national governments led by France questioned Europe's dependence on American military protection (Ryner and Cafruny, 2016: 177-178). President de Gaulle pursued a strategy of national independence which involved the withdrawal from NATO's command structure and called for an autonomous Europe stretching "from the Atlantic to the Urals" (Ryner and Cafruny, 2016; Ryon, 2020). This Europeanist vision contrasted with the persistently Atlanticist orientation of the UK, Germany, the Netherlands and Northern European countries (Lundestad, 2004). While the ambition for European geopolitical autonomy failed to materialise - and European assertiveness became increasingly muted during the 'relaunch' of integration in the 1980s - tensions over the Atlantic question were never entirely resolved. After the end of the Cold War, amidst growing uncertainty in both Europe and the US over the future of NATO, these tensions resurfaced in relation to the establishment of what was to become the EU's CSDP (Menon, 2016: 220-221). At Britain's insistence, Europe's nascent defence and security policy was explicitly conceived as strengthening the European pillar within NATO - an alignment which was confirmed in the 2007 Lisbon Treaty and reinforced by the accession of CEE states with a strong Atlanticist orientation (Lippert et al, 2019: 6).

The shocks of 2016

The contrast between Europeanist and Atlanticist orientations within European security and defence policy resurfaced with the election of Donald Trump. The new administration sought to redefine the US's global role, expressing antipathy towards the European project and frustration at the limited contribution of its member states to NATO's military budget. In this context, European leaders became more vocal about the need to adopt a more assertive and independent posture in relation to foreign and security policy. This was articulated most clearly by the newly elected President Macron who, as part of his broader vision of a re-energised European project, called for the strengthening of European defense capabilities and radical overhaul of military procurement so as to secure 'industrial and technological autonomy' (Ministère des Armées, 2017). In light of the intergovernmental character of the policy areas concerned, Macron sought to enlist Berlin in a 'new partnership' which would serve as the driving force for further European integration (SWP, 2021).

The drive towards a geopolitical Europe quickly translated into a range of different initiatives which were explicitly framed around strategic autonomy. In the area of defence coordination, progress was made in specifying the criteria for the Permanent Structured Cooperation (PESCO) as a keystone in Europe's CSDP. The European Defence Industrial Development Programme (EDIDP) and the EDF were established and new joint military procurement projects were launched as part of a broader agenda of reducing Europe's reliance on US technology and

developing an autonomous military-industrial base (DGAP, 2020). The momentum behind these initiatives however quickly dissipated as Macron's drive for European strategic autonomy was met with increasing suspicion and resistance by member states and received limited support from Berlin (SWP, 2021: 26). Countries like Poland, the Czech Republic, Lithuania and Sweden expressed concerns that the push for strategic autonomy would weaken the transatlantic alliance and reduce the US's presence on the continent - an outcome they see as detrimental to their national security (DGAP, 2021b).

Rifts also started to appear in the Franco-German partnership in regard to the rationale and means of securing greater autonomy in defence and security. The view in Paris, in line with the traditional Gaullist aspiration for strategic independence, is that European defence should develop into a pillar that is complementary to, but autonomous from, NATO (Economist, 2019) - a means by which to project European influence in neighbouring regions and assist France in its operations in Northern Africa (SWP, 2019: 12; 2021). Germany, on the other hand, sees cooperation in foreign and security policy chiefly as a political project intended to strengthen relations between EU member states and give new impetus to European integration (SWP, 2020b). Rather than an alternative to NATO, Berlin still understands Europe's CSDP as strengthening the European pillar within the transatlantic alliance and 'defusing the US criticism that European states do not contribute enough to NATO in terms of military budget' (*Ibid*). This difference in outlook translates into a difference in the preferred means of securing coordination. As noted in a report by the German Institute for International and Security Affairs (SWP, 2019), whereas Germany prioritises 'inclusivity and legitimacy' - looking to secure the consensus of all member states and to proceed within EU structures - France is ready to push ahead in smaller groups of willing participants and 'sees little to gain from discussing these questions and processes among all twenty-seven EU member states'. The case of EI2 - a European security initiative driven by France in parallel to PESCO but outside the EU framework - is therefore emblematic of the French approach according to which 'the "European" in European strategic autonomy does not necessarily have to involve the EU' (SWP, 2021).

Push-back on strategic autonomy

The different approaches to security coordination in Paris and Berlin and growing opposition from CEE and Northern European member states have translated into growing contestation of the project of strategic autonomy. Because of Macron's strong role in articulating and promoting the concept, strategic autonomy is increasingly viewed by European supporters of NATO as the latest instantiation of the long-running French agenda of reducing the influence of the United States (SWP, 2019: 6). Polish Prime Minister Morawiecki, for instance, warned the European Council Summit in 2021 that 'if misunderstood by our allies', the concept of strategic autonomy 'might negatively affect transatlantic relations' - a concern shared by other countries such as Lithuania and Sweden (Politico, 2021). In German political circles, where enthusiasm for the idea of a more autonomous Europe quickly waned after the initial shock of 2016, the concept is increasingly seen as unnecessarily divisive and even 'toxic' (Major & Mölling, 2020). The contested nature of strategic autonomy came to public light in November of 2020, when the German defence minister Annegret Kramp-Karrenbauer commented that "illusions of European strategic autonomy must come to an end: Europeans will not be able to replace America's crucial role as a security provider" (Politico, 2020c). Macron replied a few days later in an interview that he 'profoundly disagree[d]'

with the German minister and that [Europeans] need to 'continue to build [their] independence for [themselves], as the US does for itself and China does for itself' (Le Grand Continent, 2020). The controversy revealed the extent to which the concept of strategic autonomy remains caught between different geopolitical visions. In a subtle but telling linguistic choice, upon taking over the rotating presidency in July 2020, Germany has largely steered clear of the term, preferring instead to frame its new 'Strategic Compass' initiative around the concept of the 'capacity to act' (FRS, 2020; DGAP, 2021c). Berlin's hope is that a more pragmatic, less ambiguous formulation can sidestep the conflicts that strategic autonomy has become mired in and open a "best of both world" path between Atlanticism and Europeanism.

A Geoeconomic Europe?

The strategic autonomy agenda has also revealed rival geoeconomic visions, which can be summarised as a conflict between Europe's neo-mercantilists and neo-liberals. The tensions between these blocs has been a long-standing feature of Europe's political economy. In response to the economic crises of the 1970s, key industrial sectors and political actors promoted a neo-mercantilist strategy which aimed to construct a strong and unified European home market, protected by a high external tariff, which would act as a protective shield against foreign competition as well as a launchpad for integrated European champions (Van Apeldoorn 2002: 77-80). This vision was counterbalanced by a neo-liberal alternative, which supported deeper integration with the world market and which was supported by internationalised business interests and states favouring the liberalisation of trade and investment, including Germany and the UK (Van Apeldoorn 2002: 79-81). The re-launch of European integration in the 1980s did not result in the straightforward triumph of neo-liberalism, however. Neo-mercantilism was one element underpinning French-backed visions of 'social Europe', formalised in the Delors' Commission's 1985 White Paper. Indeed, some believed that even the creation of the Single Market would lead to a new form of 'Fortress Europe', with a strong and free internal market matched with protectionist measures externally in order to protect 'EU champions' (see Hanson 1998). The debate between the more protectionist proclivities of the neo-mercantilists and the free trading preference of neo-liberals has therefore been at the heart of the European integration debate for decades (see Van Apeldoorn 2002). It is now finding new expression in the context of rising geoeconomic pressures and the European debate on strategic autonomy.

Neo-mercantilist defence procurement

Geoeconomic logics can be discerned in the fusion of European defence policy and wider questions regarding Europe's industrial competitiveness. The 2017 French defence review, for example, makes clear that strategic autonomy in the area of defence requires industrial and technological autonomy and the resources to ensure operational autonomy. It calls for the development of a 'dedicated capital fund' to 'protect French companies possessing special technological assets or expertise from takeovers by foreign funds' (Ministère des Armées, 2017). This complements similar French initiatives, including the increase to the Research and Technology defence budget and proposals to control foreign investment into the defence sector (see DGAP, 2020). While France has been keen to stress its conception of strategic autonomy at the European level does not challenge NATO's standing, President Macron has taken particular

aim at the economic strings attached to the Alliance. He has argued that Europe's reliance on American military hardware under NATO is 'a lose-lose approach for both European countries and the United States…European actors must invest much more for themselves' (Macron 2021). These ambitions have generated support within the EU institutions, reflected in the Juncker Commission's establishment of the EDF. The EDF has a clearly protectionist element to it given that only EU-based firms or subsidiaries can apply for funds through the scheme.

Germany, on the other hand, has been far more hesitant on the issue of developing Europe's strategic autonomy in relation to defence-industrial linkages. First, Germany is seen to lack 'a strategic rationale for its defence industry' and still depends on loose government-industry coordination in this area (DGAP, 2020: 8). Second, Germany's reticence to distance Europe from the aegis of US security is matched by its hesitancy to sign up to a more European-focused defence industrial strategy with France. As a result, there is concern amongst German industrial leaders that greater cooperation with France could spell problems for Germany's industrial sector, given the much more prominent role played by the French state in orchestrating industrial strategy and the close ties between French political and industrial leaders (DGAP, 2020: 10). Finally, beyond the interests of German industry, there is also an ideological objection to what is perceived to be the weakness of French *dirigisite* interventionism, which will generate 'products of lower quality', compared with German preferences for free market dynamics (*Ibid*).

Trade and industrial strategy

The tension between the neo-mercantilist proclivities of the EU institutions and France and other more economically liberal states is further represented in a wider array of industrial issues. European institutions have, by and large, embraced the notion of strategic autonomy in relation to industrial strategy. The European Commission's (2020a) *A New Industrial Strategy for Europe* report outlines the way in which the bloc is seeking to enhance the competitiveness of European firms and ensure the continent's strategic autonomy. The strategy has both an outward facing and an internal element to it. Outwardly, the report highlighted the need for new mechanisms to screen incoming investment in strategic sectors, which was duly implemented in 2019 with the EU FDI screening framework, designed to monitor third country investment (aimed primarily at China) in critical infrastructure in Europe, allowing Member States and the Commission engage in a structured dialogue about proposed investments. This follows calls from President Macron for such a strategy, going back to his 2017 election programme (Macron, 2017). Internally, there has been a focus on reviewing EU Competition rules to ensure they are 'fit for purpose' (European Commission, 2020a: 5-6).

There is broad alignment between France and Germany on some aspects of the strategic autonomy agenda. For instance, the French and German economics ministries called for greater leeway in European competition law and even a loosening of state aid rules, in order to ensure a 'regulatory global level playing field' whereby European firms could compete with (Chinese) state-backed firms on the international stage (Franco-German Manifesto, 2019). Germany has backed more investment protection measures, in light of concerns around Chinese state-led investment in German critical infrastructure (Babic and Dixon, 2021). France has, however, consistently been the more assertive and ambitious actor with regard to this prospect. President Macron has, for example, advocated a 'European Commercial Prosecutor' to oversee EU trade agreements and

better uphold sanctions against countries that violate agreements, as well as the strengthening anti-dumping procedures (focused primarily on China and India) and tightening up rules against tax optimisation (largely US based) (Macron, 2017).

There are nonetheless a number of serious impediments to this neo-mercantilist approach. In 2019, France launched a so-called GAFA (Google, Apple, Facebook and Amazon) tax domestically, following unsuccessful attempts to pursue a similar policy at the European level after it was blocked by several countries including Ireland and the Netherlands. For France, taxing these companies is intimately bound up with the notion of strategic autonomy, with finance minister Bruno Le Maire stating: 'France is a sovereign country, its decisions on tax matters are sovereign and will continue to be sovereign' (Reuters, 2019). For Ireland, on the other hand, a more aggressive taxation of US digital firms could seriously threaten its growth model (see Regan and Brazys, 2018). Ireland's fears that the EU's drift towards protectionism are seen to lie behind the use of the oxymoronic '*open* strategic autonomy', a term first used by the Irish European Trade Commissioner Phil Hogan (European Commission, 2020c).

Germany appears caught between these two impulses. There has been mounting pressure placed on Germany from a range of both rich, Northern member states and other smaller countries to distance itself from the strategic autonomy concept. Trade ministers from Sweden, Denmark, Germany, Finland, the Netherlands and the Czech Republic (the so-called Stockholm Six) met in February 2020 to consider how they might counter French-led initiatives (Politico, 2020a). Germany was urged to 'reawaken' it's more 'liberal instincts' and encouraged to advocate for 'open markets' (*Ibid*). Somewhat surprisingly, German industrialists do not appear strongly supportive of strategic autonomy either (although see: BDI, 2019). Eric Schweitzer, president of the German Chamber of Commerce and Industry (DIHK), has warned in light of the COVID-19 pandemic that strategic autonomy 'must not be misused to open the gates to protectionism' (DIHK, 2020). The European Roundtable of Industrialists has echoed these concerns, stating that the pursuit of strategic autonomy should not lead to protectionism coming in via the backdoor, for example in relation to overly-zealous interpretations of national security when implementing screening of FDIs (ERT, 2021). Germany thus finds itself somewhat caught in this tussle; while it has made some moves to support aspects of strategic autonomy in industrial strategy, it is not wholly comfortable with all elements of a strategy seen as being driven by France and the EU institutions.

Pandemic preparedness and supply chain resilience

The COVID-19 pandemic has added extra impetus to the debate around strategic autonomy by exposing vulnerabilities in EU supply chains. The EU and France have quickly set out plans to tie its conception of strategic autonomy in industrial policy to building a more resilient supply of critical goods. The Commission's Industrial Strategy report argues that 'pharmaceutical strategy' is a key aspect of Europe's strategic autonomy, with the pandemic exposing Europe's reliance on foreign supply of necessary medical and pharmaceutical goods (European Commission, 2020a: 14). Again, France has played a leading role in developing this neo-mercantilist perspective nationally and has sought to project it onto the European stage. In September 2020, France established the office of the High Commission for 'the plan' (HCP), a reference to its post-War economic planning body that was in existence until 2005. One of its central aims is to investigate the 'weaknesses' in French society exposed by the pandemic that 'call into question our

sovereignty, our independence and the interests of our country.' Primarily, this relates to 'risks of shortages' that 'reveal our country's dependence on distant supply chains', which leave France 'depending on decisions about which we have not taken' (HCP, 2020). The Commission has outlined a large number of inter-connected critical sectors seen as necessary for securing 'the continuity of the life of the nation', including defence, cybersecurity, energy, the agri-food sector and pharmaceuticals (*Ibid*). Similarly, German State Secretary of the Federal Foreign Office, Miguel Berger, has made the case for 'health sovereignty' in the provision of medical equipment and medicines in light of the COVID-19 pandemic, tying this issue to a wider set of concerns over technology, security and economic sovereignty (Auswärtiges Amt 2020).

Once again, the discussion around strategic autonomy in light of COVID-19 has provoked opposition from some quarters. Some liberal member states appear concerned that the pandemic may act as a catalyst for 'ever-growing protectionism' in the EU, as Finnish European Affairs Minister Tytti Tuppurainen put it (Politico, 2020b). The idea of a more 'strategic' industrial strategy has also unsettled some member states for more immediate, material reasons. Grouping under the name 'friends of the Single Market', a coalition of 19 countries including Austria, Ireland and Poland have voiced concern that strategic autonomy could serve to simply empower Franco German industry at the expense of their own firms (*Ibid*). This concern highlights a long-run tension within European integration over the nature of economic development and the potential incompatibility of *supranational* notions of a 'European' strategic autonomy within a political and economic project still *de facto* characterised by *national* territorial units.

Conclusion

Is the strategic autonomy agenda likely to deliver? This apparently 'new' agenda faces a series of entrenched 'old' constraints. The contemporary debate between advocates of a more cohesive European economic bloc and those committed to an 'open' international orientation echoes debates that have rumbled on at the heart of the European project for decades between neo-mercantilists and neo-liberals. France as well as actors within the Commission continue to support a more interventionist EU with clear neo-mercantilist logics underpinning its conception of how the EU can shape its external economic environment. Germany continues to head up a grouping of other rich and open member states, including countries like the Netherlands and Ireland, as well as organised business groups committed to retaining Europe's liberal global orientation. In terms of geopolitics, past history suggests that European autonomist aspirations are eventually reinscribed within the transatlantic security framework. These constraints continue to militate against attempts to push ahead with Europe's autonomous ambitions. Joe Biden's official visit to Europe in June 2021, when the US President and EU officials reaffirmed their commitment to 'transatlantic partnership', hints at the possible dilution of the strategic autonomy agenda: an 'open' programme, compatible with liberal international order and complementary to US leadership.

Notwithstanding these attempts to relaunch the transatlantic pillar of global order, a wider range of structural processes - the de-centring of globalisation, the rise of alternative state capitalisms, sustained economic turbulence, all against a background of rising geoeconomic competition - mean that strategic autonomy is likely to remain a recurrent feature of European discourse and policy debates. Despite its tensions and ambiguities, an underlying logic at the heart of strategic

autonomy is discernible. European strategic autonomy seeks to reduce a whole range of external dependencies, in relation to defence and security questions, raw material supply, international monetary arrangements and wider industrial issues. At the same time, it aims to improve internal coordination mechanisms to ensure that Europe has the capacity to achieve these objectives, as exemplified by its various attempts to coordinate European level action, such as the EDF, the New Industrial Strategy, IPCEIs and FDI screening mechanisms. The combination of these approaches, its advocates hope, will carve out a space of relative autonomy for Europe in a world characterised by increased tensions between and geoeconomic competition with the US and China.

The above analysis has the following implications for the growing literature on geo-economics. First, a key premise of this literature is that the world economy is increasingly characterised by multi-polarisation and the consolidation of rival regional blocs within the US, China and Europe. Our analysis provides an empirical account of how geo-economic logics have become inscribed within European capitalism over the past decade. Second, our analysis suggests there has been a broadening of the strategic autonomy agenda from narrow geo-political questions to a wider set of geo-economic issues. As we have shown, this shift has been driven by reconfigurations in the wider global economy and state system, such as the 'shocks' of Brexit and Trump and the continued rise of China. Third, our account of how the strategic autonomy agenda is shaped by the long-running conflict between neo-mercantilist and neo-liberal orientations points to the central role of historical analysis in clarifying contemporary geo-economic tensions. The task of future research will be to trace the further institutional development of the strategic autonomy agenda and the EU's attempts to add to its geoeconomic capabilities whilst not losing sight of the long-standing structural constraints which it is likely to face.

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