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WEBINAR:
ACHIEVING STRATEGIC SOVEREIGNTY FOR THE EU

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SUMMARY REPORT

The meaning of 'Strategic Sovereignty': welcome remarks and keynote speech

- **MEP David McAllister**, Chair of the Committee on Foreign Affairs
- **Dr. Gustav Lindstrom**, Director, EU Institute for Security Studies

Over the past few years there has been an explosion of different terms to describe what is essentially a debate about the need for the EU to do more in global affairs and to readjust to a geopolitical world. Thus, today we hear of 'strategic autonomy', 'strategic sovereignty', 'open strategic autonomy', 'digital sovereignty' and 'technological sovereignty' but it is not always clear what such terms mean in practice. The term strategic sovereignty is not uniformly understood within the EU or with partners, and this increases the scope of misunderstanding and places a burden on better strategic communication. However, the rise of these concepts is understandable given the deteriorating security landscape facing the EU and the rise of geopolitical rivalries. The pandemic has also aggravated existing security trends and emphasised the need for the EU to enhance its powers and live up to its interests and values.

What is clear is that any deliberations on strategic sovereignty cannot take place in a vacuum, as political and economic trends are constantly evolving. In this respect, it is important to consider that strategic sovereignty is more of a journey rather than about reaching a specific end-point. Strategic sovereignty is thus a dynamic rather than rigid process. The concept also covers a range of policy areas that will advance at different speeds, but it is clear that the concept is not just restricted to debates about security and defence. Relatedly, the multifaceted nature of strategic sovereignty means that there is no overarching way to measure the EU's success or failure in achieving it. Accordingly, the concept requires an overarching vision and may call for prioritisation in key areas such as monetary policy, digitalisation or space.

Beyond terminology, however, today there is a pressing need for concrete answers to managing the EU's strategic dependences, restoring and deepening partnerships and upholding the multilateral order. Strategic sovereignty and partnerships go hand-in-hand with

each other. The EU may not be able to achieve these objectives alone, but that should not serve as an excuse to avoid investing in key strategic technologies and sectors, securing critical supply chains, becoming a more responsible actor in security and defence or supporting the multilateral order.

However, stressing the need to lower strategic dependences should not be read as an attempt by the EU to divest itself of strategic partnerships. For example, there now exists an opportunity to revitalise the transatlantic relationship. There is also an opportunity to invest greater energy into partnerships with like-minded partners such as Australia, Canada, India, Japan and South Korea. Here there is scope to work closer with partners on disinformation, hybrid threats, strategic supply and technology dependences. Such partnerships are essential for re-shaping and strengthening the multilateral rules-based order.

Digital interdependences: panel one

- **MEP Željana Zovko,** Vice-Chair of the Committee on Foreign Affairs
- **Prof. Dr. Guntram Wolff**, Director, Bruegel
- **Dr. Daniel Fiott**, Security and Defence Editor, EU Institute for Security Studies

There is growing evidence of the strategic relevance of economic interdependences, especially as new technologies and supply chains increasingly raise implications for the EU's foreign and security policy. Critical technologies and supply chains are seen as elements of international power, and digitalisation and the pandemic have added a sense of urgency for EU action in key strategic sectors and technologies. Strategic sovereignty may therefore imply a need to enhance the domestic production of critical capacities, but a wider strategic that unlocks the EU's innovation capacity and the potential of SMEs is equally vital. This is not about protectionism, and more about the EU building its strategic capacities in order to be a more credible partner in global affairs.

Indeed, economic and technological interdependences are a major feature of the growing geopolitical and geoeconomic rivalry between the United States and China. This rivalry raises fundamental questions for the EU's strategic sovereignty, but it also affords the Union the opportunity to focus on its own technological and supply interests. It is already clear that the EU is not investing as much as the United States or China in key technology domains, and this risks a higher level of dependence on these two countries at a time of geopolitical rivalry. Strategic investments are also important in this regard, especially as there is a need to better understand where investments are being made in important economic and strategic sectors within the EU internal market.

Overall, there is a need for the Union to balance its economic and security interests, while also contributing to the strengthening of the multilateral rules-based order. Although the College of European Commissions are coordinating on the economic and strategic dimensions of the EU's international relations, great coherence is still required. More specifically, both the United States and China – although embodying radically different political systems and values – are well-versed in balancing security and economic interests. For the EU, where security and economic competences are actively separated in the treaties, it is challenging to create an over-arching foreign policy that bridges economic and security interests.

The specific case of supply and production constraints of semiconductors is illustrative of some of the challenges facing the EU for its digital strategic sovereignty. In fact, in 2019 the United States led the way in the design of semiconductors, but Taiwan had the largest share in fabrication and assembly. This points to the complexity and highly integrated nature of global supply chains for essential technological inputs, but it also means that no one single country or region has complete sovereignty in the production of semiconductors. The EU, however, needs to make much greater investments in the production of semiconductors if it is to reduce supply constraints. Protectionist and autarkic approaches to supply and critical technologies are ill-advised, but there is still a need for the EU to invest in critical technological areas such as semiconductors.

In addition to the need for greater EU investment in core technology domains, the nature of global digital interdependences means that supply chain resilience calls for stronger strategic partnerships. In the specific case of semiconductors, for example, countries such as South Korea and Taiwan are critical (e.g. in 2019 Taiwan made up 17% of the global total for semiconductor design, 60% for fabrication and 53% for assembly and South Korea represented 19% of total global fabrication). Despite the interconnected nature of industrial supply chains, however, the EU has yet to forge a coherent strategic partnership with Taiwan. In this respect, while the EU should seek to lower its dependences on non-EU countries in the digital domain, it will still need to engage in comprehensive security and economic relationships with partners like Taiwan in order to better manage global supply chains.

Strategic partnerships: panel two

- **MEP Sergei Stanichev**, Vice-Chair, Committee on Foreign Affairs
- **Dr. Jana Puglierin**, Head of the Berlin Office, European Council on Foreign Relations
- **Mr. Hervé Delphin**, Head, Strategic Planning Division, European External Action Service

The EU should continue to invest in partnerships in the area of security and defence, but it needs to be clearer about what it wants to achieve with specific partners. Indeed, the EU needs to devote attention to how it defines 'partnerships' and what makes them 'strategic'. Partnerships are a key way for the EU to meet its political ends, and they emphasise the Union's quest for cooperative solutions to global problems rather than the use of power. The EU Strategic Compass process should be seen as a good opportunity to conduct this clarification, and to offer partners greater incentives to engage with the EU as a security and defence actor. The quest for strategic sovereignty in security and defence is about lowering dependences and being a better partner – they are two sides of the same coin. In this respect, the EU could aim to become a central convening power for European security and defence initiatives, especially when it comes to ensuring complementarity with *ad hoc* coalitions of the willing such as the European Intervention Initiative.

Overall, a core challenge for the EU and its partnerships is how it can manage to balance a need for deeper integration in security and defence with a degree of openness that would allow partners to 'plug and play' with EU initiatives. This is not a new challenge for the EU but the recent erosion of relationships with the United States and the United Kingdom gives the Union more reason to re-think its strategic partnerships. The Union's willingness to show

flexibility under the European Defence Fund and Permanent Structured Cooperation is an example of the possible balance between openness and EU integration. There is also scope to enhance the role that close partners could play in EU civilian and military missions and operations.

The EU has a strong interest in developing its strategic partnerships and there is momentum to now enhance the Union's relationship with the United States on security and defence. The EU has four years to tend to greater burden sharing with the US, especially as there is no guarantee what the transatlantic relationship will look like after 2025. In this respect, the EU-US joint communication is a good start to resetting relations with the US, even if the EU and US will not agree on every issue. There is still a great deal of uncertainty attached to the transatlantic relationship. It is important to be clear that a more sovereign EU in the area of security and defence does not imperil the transatlantic relationship. In fact, there is growing appreciation that the United States seeks greater EU commitment to its own defence, especially in an era where Washington is looking to the Indo-Pacific and China as the centre of gravity for its strategy.

In this respect, the more sovereign the EU becomes in being able to look after its own security, the more likely it is to be considered a more credible transatlantic partner. Accordingly, the EU needs to invest in its own high-end, full spectrum, defence capabilities and enablers. PESCO currently does little to address these needs. Of course, any discussion about EU defence capabilities will raise tensions with Washington for commercial reasons, but under the Biden administration there may be room for a more constructive approach (especially if capabilities developed under the EU framework are of use in a NATO context too). The EU also needs to take the military load of the US in geographical areas such as the southern neighbourhood. The Strategic Compass should also indicate what role EU member states could play within a NATO context.

Over the short term, a deeper UK-EU security and defence partnership may be challenging but there is a clear need to develop a coherent partnership in the coming years. It is likely that under the Johnson premiership the UK will not be on the demand side for a close security and defence relationship with the EU. Brexit has actually lent weight to greater EU strategic autonomy in security and defence, and the UK was an uncomfortable bedfellow under the Common Security and Defence Policy (CSDP). Nevertheless, the UK's departure symbolises a loss of military and diplomatic capacity for the Union and for this reason many EU member states will want to continue strong links with the UK outside of the EU framework. Such a trend could imperil the attractiveness of the CSDP but over the longer-term the UK will have a vested interest in engaging with the Union. Here, in the future a scalable and sustainable EU-UK partnership is required.

The EU should also invest in its security and defence relationship with states such as Norway and Canada, plus partners in Asia such as Australia, India, Japan and South Korea. In the past, the EU has probably over-used the term 'strategic partnership' and so clarity is required for those partners that are truly strategic and those that want to cooperate with the EU on specific issues. In terms of the rise of China, the EU should engage with partners in Asia on a whole range of new possible areas such as freedom of navigation operations, coast guard capacities and defence industrial partnerships. The dialogues with Japan and South Korea are a sound basis for such cooperation but the EU is also investing in a wider Indo-Pacific strategy, which

will lead to greater integration between diplomatic, connectivity, trade, security and defence tools.

Multilateral order: panel three

- **MEP Urmas Paet**, Vice-Chair, Committee on Foreign Affairs
- **Dr. Riccardo Alcaro**, Head of the Global Actors Programme, Instituto Affari Internazionali
- **Mr. Ellis Mathews**, Head, Multilateral Relations Division, European External Action Service

Ensuring the health of the multilateral order is not easy in a world marked increasingly by geopolitical rivalries and tensions. The world may be less accommodating of the EU's understanding of multilateralism. This does not mean that the EU should give up on multilateralism, and sometimes it is easy to overlook the strategic qualities of multilateralism. Indeed, multilateralism is a core interest for the EU and its member states as it is a way for the Union to help promote international legitimacy and cooperation for transnational challenges, anchor interstate relations in norms, rules and practices and reduce the room for power politics. Multilateral rule-making gives the EU a seat around the global table, and it can also ensure that the Union's interests and values are reflected in commonly agreed frameworks and institutions. For example, climate change and digitalisation are huge challenges that cannot be managed effectively without the EU and a multilateral approach.

The EU has a vested interest in shaping and supporting the multilateral order but what is required is greater consensus among the EU's closest partners on the objectives of multilateralism in an era of geopolitical rivalry. In some cases, and as best shown by the Joint Comprehensive Plan of Action (JCPoA), partners may not agree on the shape of multilateral agreements and the EU must be prepared to act with like-minded partners to sustain multilateral agreements. In particular, the case of Iran shows the challenges that multilateralism can pose when one of the key partners – the United States – decides to leave an agreement and then seeks to actively undermine it, including the use of extraterritorial sanctions against its own allies. In this respect, ensuring multilateralism may require the development of new tools and mechanisms by the EU that are designed to negate undue economic or political pressures. Accordingly, strategic sovereignty and multilateralism are two sides of the same coin.

The multilateral solution to Iran's nuclear programme highlighted the Union's convening and diplomatic power, and the EU soon became a central player in the JCPoA and was instrumental in ensuring its longevity. Specifically, with the EU's support the JCPoA consolidated international non-proliferation norms and institutions and it strengthened international inspection regimes. Notwithstanding the pressure it has faced, the JCPoA also symbolises a precedent for a crisis management model for countries and parties with fundamentally different foreign policy outlooks. Finally, the JCPoA actively contributed to reducing the role of power politics and it ensured predictability in key relationships between Iran, the US, the EU and others. Even though the US pull-out from the JCPoA has been detrimental to the agreement, the Union was still nevertheless able to defend the JCPoA by using the formal channels of the United Nations.

In this respect, the EU's support for global norms and multilateralism is a way to ensure that partners and rivals do not use multilateral fora for suspect ends or against the EU's values and interests. This is not easy because even seemingly technocratic issues are becoming politicised because of rising geopolitical tensions. Accordingly, the Union needs to see how best to use multilateralism to promote its own interests and values and it can use its leverage in organisations such as the World Health Organisation or World Trade Organisation to ensure more effective international crisis response and norm setting bodies. However, any definition of strategic sovereignty that equates to independence misses the point about using multilateral frameworks as a strategic asset. Instead, there is a need for the EU to work to enhance the legitimacy of the multilateral order in cooperation with regional organisations such as the African Union, the Organisation for Security and Cooperation in Europe, ASEAN, G7, G20 and more.

Reform of and engagement with the multilateral order is a core part of the EU's strategic sovereignty. This should be self-evident as many issues directly require an international response. Consider, for example, how there is a need to develop norms in areas such as Artificial Intelligence, digitalisation, outer space and new forms of warfare and weaponry. There is also a need to continue to engage in multilateral solutions for global public goods such as health, climate change and biodiversity. However, a number of global issues will require the EU to develop specific partnerships and to engage in a layered approach that exploits variable geometry. In this respect, the EU should continue to work with like-minded democratic partners to protect human rights, democracy and digital security. However, on transnational issues such as climate change there is no option but to engage with countries like China. Overall, the EU needs to be better at diversifying its multilateral partnerships and focusing on niche areas and platforms (e.g. UNESCO or the International Telecommunication Union) to further its interests, norms and values.