




POLICY PAPER

European Strategic Autonomy and the European Green Deal: An Uneasy Cohabitation

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Background

The 2008 financial crisis, the Covid-19 crisis and the ongoing US-China trade war have put into question the liberal assumption that multilateralism and economic interdependence have the capacity to guarantee prosperity and peace.¹ At the same time, these very processes are being upheld as a bulwark against climate change. In Europe, the need to band together to fight global warming, on the one hand, and the desire to give the EU the tools to assert its values in an increasingly harsh world,² on the other, have underpinned two of the von der Leyen Commission's major priorities: the European Green Deal and the idea of a Geopolitical Commission.³ While the former refers to a concrete action plan to make Europe carbon-neutral by 2050, the latter relates to something harder to pin down: the EU's ambition to be more strategic, more assertive and more united. Accordingly, the Green Deal's progress, or lack thereof, is easy to measure: one need only look at the evolution of greenhouse gas emissions. It is more difficult to calculate the successes or failures of the von der Leyen Commission to act "geopolitically" because the strategic autonomy which it strives for has no clear definition.

Broadly understood, strategic autonomy is "the ability to act autonomously when and where necessary, and with partners wherever possible".⁴ The term was first popularised in 2013 in the context of defense as a call to diminish Europe's military dependence on others by building up its own capabilities. In the von der Leyen Commission the term now also encompasses the need to diversify and reduce economic and industrial dependencies.⁵ To muddle the waters even more, European Council President Charles Michel has also defined strategic autonomy as the European ability to disseminate its standards and promote its values.⁶

What is sure: both the European Green Deal and strategic autonomy require an assertive European Union with the power to carry out its global ambitions.⁷ For the European Green Deal to do more than simply displace greenhouse gas emissions to trade partners, the EU must have the tools to impose global sustainable norms. In turn, any European effort to develop strategic autonomy entails a European capacity to regain the stronger hand on asymmetrical economic relationships which leave the EU vulnerable.⁸ At first glance, the European Green Deal and strategic autonomy therefore seem to be mutually reinforcing strategies geared at shoring up European global leadership; becoming less dependent on other countries for critical resources seems key to having the political capital to impose sustainable norms. What is more, the Green Deal can provide an imperious moral justification for

¹https://www.gvsu.edu/cms4/asset/54A33349-DDB5-9122-52D039391EF8BB6C/rousseau_walker_liberalism_10.pdf

²https://eeas.europa.eu/headquarters/headquarters-homepage/89865/why-european-strategic-autonomy-matters_en

³[https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/646148/EPRS_BRI\(2020\)646148_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/646148/EPRS_BRI(2020)646148_EN.pdf)

⁴ <https://www.consilium.europa.eu/en/press/press-releases/2017/03/06/conclusions-security-defence/>

⁵https://ec.europa.eu/commission/commissioners/2019-2024/breton/announcements/united-resilient-and-sovereign-europe_en

⁶<https://www.consilium.europa.eu/en/press/press-releases/2020/09/28/1-autonomie-strategique-europeenne-est-l-objectif-de-notre-generation-discours-du-president-charles-michel-au-groupe-de-reflexion-bruegel/>

⁷https://ec.europa.eu/commission/commissioners/2019-2024/breton/announcements/united-resilient-and-sovereign-europe_en

⁸https://eeas.europa.eu/headquarters/headquarters-homepage/89865/why-european-strategic-autonomy-matters_en

strategic autonomy's call for greater unity and greater European sovereignty by providing the EU with a new *raison d'être*.⁹

Yet, strategic autonomy and the Green Deal could also frustrate each other if either is perceived as a gateway to greater protectionism. Europe's remedy for the dip in competitiveness announced by efforts to green to economy and Europe's aim to create industrial champions in critical sectors has already made certain parties ring the protectionist alarm bell¹⁰. Protectionism would hinder the type of economic interdependence which allows the EU to exert influence over trading standards and norms, as Europe's ability to set the normative agenda is in large part the product of the strength of its single market.¹¹ What is more, an argument can easily be made about how increased sustainability requires a turn inwards towards more local production and less trade.¹² However Europe's strategic autonomy mindset necessitates ever increasing cooperation, trade and connection.

Because of the global character of climate change, any effort to curb global warming implies global coordination and therefore a new paradigm of external relations. The shrinking share of the EU in global emissions makes engaging with other countries to slow down climate change all the more pressing. Yet, the deepening interdependence required to diminish greenhouse gases may conflict with both the European call for strategic autonomy and the actual consequences of Green Deal policies. For strategic autonomy and the Green Deal to work well together, they must both be associated with openness rather than protectionism. Is this possible?

State of Play

Is strategic autonomy compatible with the increase in multilateralism that the Green Deal requires?

Etymologically, autonomy refers to nothing other than the capacity to live by one's own laws.¹³ In the context of European strategic autonomy, this term does not necessarily entail greater protectionism or unilateralism but refers, rather, to the European ability to live by the rules it has itself dictated.²¹ So understood, the EU must be strategically autonomous for the Green Deal to have a chance to succeed because to do so, the EU must be able to follow the environmental policies it legislates. Climate change as a global problem with global ramifications implies that the EU's quest for strategic autonomy must also require cooperation with third countries who must also follow the rules set forth by the EU. Strategic autonomy in the domain of climate action therefore implies multilateralism as well as a European capacity to act in a unified internal manner.

⁹ <https://ecipe.org/wp-content/uploads/2021/02/PR-PB-12021.pdf>

¹⁰ <https://www.ft.com/content/3d00d3c8-202d-4765-b0ae-e2b212bbca98>

¹¹ <https://www.robert-schuman.eu/en/european-issues/0582-europe-as-a-power-european-sovereignty-strategic-autonomy-a-debate-that-is-moving-towards-an>

¹² https://cdn.odi.org/media/documents/200604_counting_carbon_web.pdf

¹³ <https://www.iai.it/sites/default/files/9788893681780.pdf>

In a political climate in which economic interdependencies are no longer the source of political stability,¹⁴ but rather the cause of vulnerability and conflict,¹⁵ the EU must rebalance ties in which EU dependencies run the risk of being exploited.¹⁶ As the EU-Russia energy relationship demonstrates, too much dependency on another party nurtures political distrust: neither the EU dependency on Russian energy nor the Russian dependency on the EU for cash flow is healthy. An example of a classical security dilemma, both parties' worry that their dependencies will be abused only furthers efforts to reduce them which in turn only furthers mistrust on both sides.²⁴ With this in mind, initiatives such as the European Raw Materials Alliance and the European Battery Alliance which aim to make Europe more resilient by diversifying its supply chains¹⁷ are concrete measures which bolster strategic autonomy and therefore promote a more balanced rapport between states while simultaneously providing the Green Deal with the components needed for the green transition.²⁶

Yet, the EU's attempts to diminish its reliance on others might only weaken the very pathways through which the EU can encourage change from other countries in the first place.¹⁸ In this way, strategic autonomy can be seen as a proposition which fails to realise that if others have less influence on the EU, the opposite is true as well. Yet, this argument fails to grasp that the type of autonomy that the EU wants to bolster is strategic precisely because it only touches upon a select few sectors which put the EU at risk geopolitically.¹⁹ Strategic autonomy, rather than a call for greater economic independence, is a cry for strategic self-sufficiency levied in the name of climate change and to be balanced against the competing need to strengthen openness and multilateralism. The EU's recent implementation of a foreign investment screening is an example of the interlinked efforts to prioritise European interests in a discriminating way.²⁰

To succeed, the Green Deal and strategic autonomy must be compatible with free and open trade.

Both the mindset required to further European strategic autonomy and the policies intimated by the European Green Deal announce an overhaul of European economic and consumption patterns.²¹ Indeed, efforts to repatriate the production of critical raw materials and decarbonise the economy will necessarily redistribute wealth and change Europe's industrial landscape.²² As a result, some sectors such as the automotive or coal industry might change or even disappear. By modifying European demand, policies and investments, the Green Deal will also change what is imported from, and therefore produced by, partner countries and the EU itself.²³

¹⁴<https://www.vocaleurope.eu/with-peter-javorcik-on-european-strategic-autonomy-and-european-green-deal/>

¹⁵https://eeas.europa.eu/headquarters/headquarters-homepage/89865/why-european-strategic-autonomy-matters_en

¹⁶ <https://www.ft.com/content/b5f72f88-814f-4697-8b83-e7d120c81fdc>

¹⁷ <https://erma.eu/>

¹⁸ <https://carnegieeurope.eu/2021/03/08/eu-s-strategic-autonomy-trap-pub-83955>

¹⁹ <https://www.iiea.com/publication/strategic-autonomy/>

²⁰ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1867

²¹ <https://ecfr.eu/publication/the-geopolitics-of-the-european-green-deal/>

²² https://www.jstor.org/stable/resrep29234?seq=1#metadata_info_tab_contents

²³ <https://www.fiiia.fi/en/publication/russia-meets-climate-change?read>

Yet, simply changing the single market's structure is not sufficient to reduce the EU's greenhouse gas emissions.²⁴ In a scenario in which the EU is merely reducing its own emissions by imposing more stringent internal norms thereby reducing its competitiveness, greenhouse gas emissions would simply be displaced to other countries and imported back in. To prevent such carbon leakage, the Green Deal must therefore successfully cooperate with third countries to level the carbon playing field and to do so, the EU must remain competitive to influence trade partners on matters of sustainability.. This is why the Green Deal is a Foreign Policy initiative in addition to being a domestic roadmap for moving to a low-carbon economy.²⁵ By aiming to set sustainable priorities on the world stage, the foreign policy aspect of the Green Deal meets the mindset of strategic autonomy,²⁶ an “assertive approach to the defence of [the EU's] rights and values”.²⁷ the EU's commitment to shaping global governance was demonstrated on the 21st of April 2021, when European negotiators provisionally agreed on a European Climate Law ahead of Biden's Climate Summit on the 23rd of April 2021 which would render legally binding the EU's commitment to reaching climate neutrality by 2050 and to reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels.²⁸

More concretely, this stab at shaping global norms by leading by example must now be followed by an economic device to prevent carbon leakage by constraining emissions across the globe. To this effect, the European Commission will be introducing its Carbon Border Adjustment Mechanism (CBAM) in June 2021.²⁹ The CBAM would simultaneously further strategic autonomy and the Green Deal by shoring up European competitiveness all the while preventing carbon leakage. To be successful however, this measure must avoid economic and ethical pitfalls The EU must find a way to ensure, firstly that a carbon tax does not concentrate green economic power in the hands of a select few member states by asymmetrically affecting value chains and secondly, that it is not perceived as a protectionist barrier.³⁰ To do so, European regions negatively affected by the CBAM must be sufficiently assisted and the mechanism must be embraced by both the WTO and enough countries that the accusation of protectionism cannot be levelled. If the CBAM fails to be embraced and recognised by enough third countries, trade partners might simply divert their trade to countries unaffected by the CBAM.³¹

From an ethical perspective, the CBAM needs to be implemented in a way that addresses the principle of common but differentiated responsibility. If the CBAM is to price the carbon content of imports similarly no matter the imports' country of origin, the idea that developed countries which bear most of the responsibility for climate change should carry the bulk of the burden of emission reduction would not be respected.²² Worst, the cost of carbon certification and tracking entailed by the CBAM

²⁴ https://www.fiia.fi/wp-content/uploads/2021/03/bp303_russia-meets-climate-change.pdf

²⁵ <https://www.foreignaffairs.com/articles/europe/2021-02-09/eu-cant-separate-climate-policy-foreign-policy>

²⁶ <https://ieep.eu/news/green-deal-diplomacy-needs-to-be-in-focus-in-2021>

²⁷ <https://ieep.eu/news/green-deal-diplomacy-needs-to-be-in-focus-in-2021>

²⁸ https://ec.europa.eu/commission/presscorner/detail/en/IP_21_1828

²⁹ <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12228-Carbon-Border-Adjustment-Mechanism>

³⁰ <https://www.iai.it/sites/default/files/9788893681780.pdf>

³¹ <https://odi.org/en/publications/counting-carbon-in-global-trade-why-imported-emissions-challenge-the-climate-regime-and-what-might-be-done-about-it/>

could put developing countries at risk of a “green squeeze” whereby these additional costs would place them at a competitive disadvantage and push them out of global value chains, a phenomenon which would in turn, increase tensions and inequalities between rich and poor countries.³² Because global trade chains are largely dictated by the needs of the global North, it is difficult to explain to trade partners why they should be paying for trade patterns dictated by the North.³³ The CBAM as an intrinsically punitive rather than enabling measure runs the risk of displaying a distinct lack of solidarity. Finally, the CBAM does not solve the structural issue linked to the production and trade of carbon-intensive goods, namely that both their current level of consumption and the polluting transport on which global value chains rely are simply unsustainable at their current level.²⁴

Policy Recommendations

Several policy recommendations could help mitigate some of the criticisms levied against the CBAM. Firstly, developed countries must support low-carbon development and technology transfer to developing countries.³⁴ This type of investment would respect the principle of common but differentiated responsibility and would allow the EU to shoulder its historic responsibility for climate change.³⁰ What is more, providing positive incentives for poorer countries to adapt would help mitigate the impression that CBAM is placing the burden of adaptation on the countries who can the least afford it.³⁰ Looking at the EU’s relationship with fossil-fuel exporting partner countries more specifically, the EU’s expertise in their energy market would be an asset in developing a common positive agenda built on technology transfers. This could form the basis of a healthier relationship between the EU and Russia for example.³⁵

Secondly, to bolster the type of internal unity needed for European strategic autonomy to be possible, addressing the disparities that the Green Deal will create between member states is an essential starting point. In this way, the Just Transition Mechanism is a powerful tool to mitigate the impact of the green transition in certain regions and sectors. However, the EU funding allocated to the Just Transition Fund demonstrates that this will not be a silver bullet.³⁰ Indeed, the funding is widely acknowledged to be insufficient to make up for the loss of income from coal. The responsibility to help regions transition should therefore be a joint enterprise spearheaded not only at the EU level but also at the national level.³⁰ Yet, certain countries like Poland and Hungary which will be most affected by the green transition are also the ones that are proving the least likely to spend money and political capital to remedy its economic consequences at a national level.³⁶

A more effective way to shore up the EU’s political unity is procedural: the introduction of qualified majority voting (QMV) which could help prevent deadlock as relates to both environmental issues and strategic autonomy. Indeed, QMV could help the EU present a unified platform in the face of

³² <https://ieep.eu/news/green-deal-diplomacy-needs-to-be-in-focus-in-2021>

³³ <https://www.vocaleurope.eu/with-marco-siddi-on-european-strategic-autonomy-and-the-european-green-deal/>

³⁴ <https://odi.org/en/publications/counting-carbon-in-global-trade-why-imported-emissions-challenge-the-climate-regime-and-what-might-be-done-about-it/>

³⁵ <https://www.vocaleurope.eu/with-peter-javorcik-on-european-strategic-autonomy-and-european-green-deal/>

³⁶ <https://caneurope.org/poland-and-hungary-must-live-up-to-eus-greatest-challenges-unlock-budget-and-recovery-and-go-for-higher-climate-ambition/>

internal disagreements. QMV could also help the EU be more autonomous by preventing third countries from pressuring the EU via one of the member states, a game both Russia and the USA have played in the past. In 2003, the USA successfully managed to convince Eastern member states to support the Iraq war with the expectation of a payback that never came. Similarly, Russia has used Hungary to divide the EU, over the issue of vaccines for example.³⁰ With QMV, third actors would no longer be able to block the entire foreign policy of the EU by influencing a few member states. In the absence of QMV however, the type of access to funds distributed to Poland during budget deadlock is a powerful tool to shore up support from reluctant member states.³⁰

Finally, the EU should direct the profits from CBAM towards Research and Innovation (R&I) investment in low-carbon technologies.³⁷ R&I already plays a central role in EU policy, as demonstrated by the increased budget attributed to Horizon Europe, the InvestEU fund and the Green deal as well as the EU's aim to insure R&I investments represent 3% of the EU's GDP. Such a strategy would increase the EU's competitiveness. The drop in the price of renewable energy witnessed over the past decade was possible thanks to constant innovation which, in turn is the result of investment. In the long-term, increased EU investment in low-carbon R&D funded by carbon revenues would improve GDP growth thanks to innovation which would permit heightened competitiveness of EU exports.

³⁷ <https://www.mdpi.com/1996-1073/13/19/5236/pdf>

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