Issues Note

Europe in the Age of Geoeconomics

The last years have shown how global interconnectivity and interdependence shape our everyday life and highlighted the risks associated with it. The corona pandemic has brought global trade bottlenecks to the surface, interrupted supply chains, and shattered the world's economy. The Russian attack on Ukraine made clear what it means to misuse dependencies as geostrategic weapons. If the law of the strong as opposed to the strength of the law prevails, such scenarios will occur more and more frequently.

The EU is world leader in trading goods and services and top trading partner to 54 countries worldwide, but it now has to adapt to a world of rising geopolitical rivalry and dysfunctional multilateralism. It must position itself on the world stage to better defend its own interests and values, become more resilient, and reshuffle traditional dependencies without entering into fragile new ones.

The EU has responded to the Russian aggression with comprehensive sanctions packages: Since February 2022, it has banned exports to Russia previously worth over €43.9 billion and imports worth some €91.2 billion. Compared to 2021, 49% of exports and 58% of imports are currently sanctioned.

The European Commission has also proposed an Anti-Coercion Instrument to address economic coercion - defined as a situation where a third country attempts to pressure the EU or a Member State into making a particular choice by applying, or threatening to apply, measures affecting trade or investment against the EU or a Member State. Having reached political agreement on this instrument, the EU is now ready to apply a wide range of possible countermeasures against a coercing country including the imposition of tariffs, restrictions on trade in services, on access to foreign direct investment or public procurement.

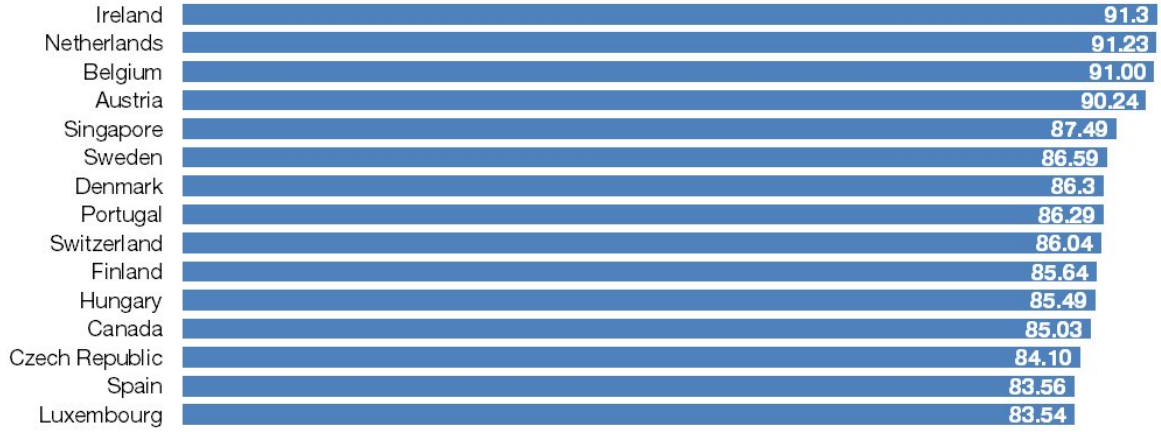
In this context, the upcoming Spanish EU-Council Presidency is determined to continue the work on foresight and open strategic autonomy as key elements for adding resilience to the EU's long-term objectives of a greener, more digital and social Europe.

Questions for discussion

1. *Is the EU ready to act as a global geopolitical player or should it position itself as a medium-sized regional power and open economy?*
2. *Does the EU have to compromise on the Green Deal to reduce dependencies or will the process of green transition help the EU to become more autonomous and competitive?*
3. *Which countries are reliable partners for the EU and to what extent is it realistic for the EU to become independent from external players?*

The world's most globalised countries are in the EU

Index rankings of the world's top 15 most globalised nations



Source: KOF, Statista. KOF index measures three dimensions of globalisation: economic, social and political