The European (EU's) Geopolitical and Geoeconomic Strategies

1 July 2022
@ The University of Tokyo

Yasuo Tanabe
Managing Director
EU–Japan Centre for Industrial cooperation
email: yasuo.tanabe@eu-japan.or.jp
http://www.eu-japan.eu
What is happening in the global landscape

1-1 Russian Aggression

- Challenge to the rule of law, back to the Real War and Cold War (opposite of "End of History")
- Awakened Germany: Nordstream 2, SWIFT, defense budget, coal/oil embargo, weapon support for Ukraine
- Reconsidering energy security (converting dependence on Russia)
  - NATO to be joined by Finland and Sweden ("security dilemma")
  - Ukraine has become a candidate member of EU
1 What is happening in the global landscape

1-2 US-China Rivalry

Main frame of global geopolitics in the 21st century

- Security dimension and economic dimension

- European view on China has shifted

- Reinvigorating Atlantic Alliance
1 What is happening in the global landscape

1-3 Climate crisis

Growing crisis all over the world (floods, droughts, wildfires, rising sea level, etc.)

Commitments/declaration in political competition (eg. COP 26)

China as a dominant source of clean energy products and minerals/materials (cf. Saudi Arabia for oil)

Developed vs. Developing/Emerging, Haves vs. Haves not, etc.
1 What is happening in the global landscape

1-4 Covid 19 Pandemic

- Very fast spread from China to all over the world (globalization effect)
- Global supply chain risk (both political and non-political) actualized
- Supply chain resilience is reconsidered
- Technological competition
2 What and how is EU?

2-1 Nature of EU

- EU is a collective power to pursue peace and prosperity
- Basic value: democracy, human rights, rule of law
- By nature, EU is oriented for multilateralism and international cooperation

"My Commission will be a geopolitical Commission committed to sustainable policies. And I want the European Union to be the guardian of multilateralism. Because we know that we are stronger by doing together what we cannot do alone." (von der Leyen, Sep. 10, 2019)
### 2 What and how is EU?

#### 2-2 EU in decline or maintaining power?

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>European Coal and Steel Community (ECSC)</td>
</tr>
<tr>
<td>1958</td>
<td>European Economic Community (EEC)</td>
</tr>
<tr>
<td>1973</td>
<td>UK, Ireland and Denmark join</td>
</tr>
<tr>
<td>1986</td>
<td>Single European Act</td>
</tr>
<tr>
<td>1990</td>
<td>Germany unification</td>
</tr>
<tr>
<td>1993</td>
<td>Single Market, European Union</td>
</tr>
<tr>
<td>1999</td>
<td>Euro introduction</td>
</tr>
<tr>
<td>2005</td>
<td>Euro scepticism</td>
</tr>
<tr>
<td>2009</td>
<td>Lisbon Treaty</td>
</tr>
<tr>
<td>2016</td>
<td>UK referendum on Brexit</td>
</tr>
<tr>
<td>2020</td>
<td>Brexit, Covid 19 pandemic</td>
</tr>
<tr>
<td>2022</td>
<td>Ukraine war</td>
</tr>
</tbody>
</table>
2 What and how is EU?

2-3 Strength of EU: Brussels effect

“By promulgating regulations that shape the international business environment, elevating standards worldwide, and leading to a notable Europeanization of many important aspects of global commerce, the EU has managed to shape policy areas such as data privacy, consumer health and safety, environmental protection, antitrust, and online hate speech.”

(Anu Bradford)
3 Why Japan should pay attention to EU?

The world is “G-Zero” (Ian Bremmer). Japan needs multi-layered, multi-faceted partnership. Global governance cannot be made only by the U.S. or China. EU, sharing common values, is a natural partner to Japan, complementing each other in geography and style/approach, to tackle global challenges.

“The EU-Japan Strategic Partnership Agreement (July, 2018)

ARTICLE 2

Democracy, the rule of law, human rights and fundamental freedoms

1. The Parties shall continue to uphold the shared values and principles of democracy, the rule of law, human rights and fundamental freedoms which underpin the domestic and international policies of the Parties.”
4 Security and defense policy: NATO and EU

(Source: Jiji)
4 The EU's security and defense policy

“The war against Ukraine proves that Europe is even more in danger than we thought just a few months ago, when the first draft of this Strategic Compass was presented. At stake are the very principles upon which international relations are built, not least those of the UN Charter and the Helsinki Final Act. ... This crisis has made it even clearer that we live in a world shaped by raw power politics, where everything is weaponised and where we face a fierce battle of narratives.”

(Josep Borrell, High Representative of the European Union for Foreign Affairs and Security Policy / Vice-President of the European Commission, March 22, 2022)
4 The EU's security and defense policy

Strategic Compass: **plan of action for strengthening the EU's security and defence policy** by 2030.

- establish a strong **EU Rapid Deployment Capacity of up to 5000 troops** for different types of crises
- be ready to deploy **200 fully equipped CSDP mission experts** within 30 days, including in complex environments
- conduct regular **live exercises on land and at sea**
- enhance **military mobility**
- reinforce the EU's **civilian and military CSDP (Common Defence and Security Policy) missions and operations** by promoting a rapid and more flexible decision-making process, acting in a more robust way and ensuring greater financial solidarity
- make full use of the **European Peace Facility** to support partners
5 EU's Indo-Pacific strategy

(Joint Communication on the EU's Indo-Pacific Strategy, 16 September 2021)

current dynamics in the Indo-Pacific have given rise to intense geopolitical competition adding to increasing tensions on trade and supply chains as well as in technological, political and security areas.

The EU's increased engagement in the Indo-Pacific aims at maintaining a free and open Indo-Pacific for all while building strong and lasting partnerships. The basic message is that the EU will deepen its engagement with partners in the Indo-Pacific to respond to emerging dynamics that are affecting regional stability. The EU's approach is designed to foster a rules-based international order, a level playing field, as well as an open and fair environment for trade and investment, tackling climate change and supporting connectivity with the EU.

Seven priority areas

- Sustainable and inclusive prosperity
- Green transition
- Ocean governance
- Digital governance and partnerships
- Connectivity
- Security and defence
- Human security
6 European Green Deal

This climate and economic leadership is central to Europe's global and security objectives. It also reflects a wider shift in world affairs at a time of transition towards a new international order. We are entering a new era of hyper-competitiveness.
(von der Leyen, September 15, 2021)
EU’s target of reducing net greenhouse gas emissions by at least 55% by 2030.

The proposed package aims to bring EU legislation in line with the 2030 goal.

(July 14, 2021)
6 European Green Deal: ETS and CBAM

EU-ETS

CBAM (Carbon Border Adjustment Mechanism)

- EU importers of goods covered by the CBAM registers with national authorities where they can also buy **CBAM certificates**. Certificates are priced based on **weekly ETS allowances**.
- EU importer **declares the emissions** embedded in its imports and **surrenders** the corresponding number of certificates each year.
- If importers can prove that a carbon price has already been paid during the production of the imported goods, the corresponding amount **can be deducted**.

#EUGreenDeal
European Industrial Strategy (March 10, 2020)
“an industrial strategy that would support the twin transition to a green and digital economy, make EU industry more competitive globally, and enhance Europe’s open strategic autonomy. “

Lessons learned from the COVID-19 crisis
• Interrupted global supply chains affecting availability of essential products

“open strategic autonomy”
Strategic dependencies analysis:
Main sources of EU import value for 137 products in sensitive ecosystems as highly dependent

Share of EU imports value of dependent products

Source: European Commission based on BACI database
8 Digital strategy: Digital Compass
8 Digital strategy

Shaping Europe’s digital future: Three pillars

Technology that works for people

- invest in digital skills for all Europeans
- protect people from cyber threats (hacking, ransomware, identity theft)
- ensure Artificial Intelligence is developed in ways that respect people’s rights and earn their trust
- accelerate the roll-out of ultra-fast broadband for homes, schools and hospitals throughout the EU

A fair and competitive digital economy

- enable a vibrant community of innovative and fast growing start-ups and small businesses...
- strengthen the responsibility of online platforms by proposing a Digital Services Act...
- make sure that EU rules are fit for the digital economy
- ensure fair competition of all companies in Europe
- increase access to high-quality data while ensuring that personal and sensitive data is safeguarded

An open, democratic and sustainable society

- use technology to help Europe become climate-neutral by 2050
- reduce the digital sector’s carbon emissions
- give citizens more control and protection of their data
- create a "European health data space" to foster targeted research, diagnosis and treatment
- fight disinformation online and foster diverse and reliable media content
The EU should use its trade power strategically

"No country has more trade agreements than the European Union (50 in force or provisionally applied). As a superpower in trade with the only real internal market in the world, the European Union possesses an attractive negotiating asset. A free trade agreement (FTA) with the European Union gives its trading partners access to a unified market with one set of rules for 27 countries and 450 million consumers. Trade agreements facilitate trade and investment, which leads to jobs and growth."

(Cecilia Malmström (Former European Commissioner, PIIE))
10 What we should see in the EU strategies?

- pursuing multilateralism, to maintain democracy and the rule of law in the “G-Zero” world
- maintaining collective power to lead the world
- standard setting / rule making power (“Brussels effect”)
- pursuing own industrial competitiveness and global public goods simultaneously
- vision and pragmatism