



A FIVE-POINT AGENDA FOR HOW DEVELOPMENT COOPERATION CAN SUPPORT THE EU'S STRATEGIC AUTONOMY

ABSTRACT

The European Union and its member states have consistently been the single largest contributor of official development assistance (ODA). One effect of this is that the main way the EU interacts with a large section of the developing world is through development cooperation. However, there appears to be a reluctance among European policymakers to acknowledge the fact that the EU and its member states could implement a development cooperation policy that connects with foreign policy objectives. This policy brief argues that development cooperation has never really been divorced from national – or in the case of the European Union, regional – interests. Acknowledging this fact, and communicating the linkage both to itself and its development partners, is a critical first step in the EU identifying how development cooperation can support its strategic autonomy ambitions. This might also start a process that leads to some policy coherence within the EU and among the EU institutions. The policy brief provides some insight into how such policy coherence might enable development cooperation to support the EU's strategic autonomy across five priority policy areas: people and skills, climate policy, critical raw materials and supply chains, energy policy, and digital policy.



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Introduction

The debate about the European Union's strategic autonomy has been revitalised with a new sense of urgency since Russia invaded Ukraine. The EU's economic reliance on states that have been termed either systemic rivals¹ or systemic competitors² has now become an urgent concern. To be sure, this is a concern that was present before, but it has become even more current in European capitals and in Brussels since the war started in Ukraine. A recent speech³ by High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP) Josep Borrell expressed the concern clearly. Citing Europe's reliance on cheap energy from Russia, the continent's reliance on access to China both as source of cheap goods and as an investment destination, as well as the outsourcing of Europe's security to the United States, he argued that the EU needs to change the structure of its economy, while also taking a bigger and more autonomous role in its own security. In order to contribute to this growing debate on the EU's strategic autonomy in the context of the European Union's broader foreign policy, this policy brief seeks to examine the role that development cooperation can play in supporting such ambitions.

This is arguably a very timely and pressing question to be pondered. At the same time as Europe appears to be waking up to the realities of the situation at home, it is also struggling to adjust to the reality of the dynamics in certain parts of the world that it often took for granted as being within its sphere of influence. Notably, it has realised that a significant number of African countries are in fact probably not as securely aligned with the EU as it had assumed. The reaction in Europe to the voting pattern of African states on UN General Assembly Resolution ES-11/1 condemning Russia's

invasion of Ukraine is just one prominent instance of this readjustment to realities.⁴ The war itself, and the EU's efforts towards it, have led many think tankers and commentators to wonder whether this is indeed the moment of the EU's geopolitical awakening.^{5 6 7}

Geopolitical concerns had nevertheless been gnawing at the EU's foreign policy establishment well before the war. In a 2020 address by the HR/VP to fellow European commissioners, for example, the need for the EU to become a "truly global player in a world marked by the strategic rivalry between the US and China" was clearly stated.⁸ The Commission's announcement of the Global Gateway, a scheme designed to mobilise up to €300 billion in investment in partner countries between 2021 and 2027 (employing both public sector and private sector financing instruments) is another indication of the EU's geopolitical awakening. What is more, the Commission announced that 50% of this amount would be dedicated to Africa (but without providing any details about where the money would come from, what would count towards it, what was already in hand or how much the Commission and member countries were still to provide).

Despite the pessimism surrounding the ongoing 'soul-searching' that the EU is conducting in its external relations and foreign policy, the European bloc remains an important player globally. With regard to development cooperation, the EU and its member states, counted as one entity, has consistently been the single largest contributor of official development assistance (ODA). Yet while the provision of ODA has admittedly been trending downwards globally – just as the meaning of ODA for receiving countries is also under question, given that for the past decade or so, remittances to low- or middle-income countries (LMIC) have outstripped ODA as well as foreign direct investment (FDI) – for the

EU and its member states, ODA nevertheless remains a key tool of diplomacy and of engaging with the developing world. It also contributes to the EU's sense of identity as a geopolitical actor.

This policy brief seeks to contribute to the growing debate on the EU's strategic autonomy by examining the role development cooperation could play in supporting this ambition. The brief also seeks to advance the discussion on the purpose of the EU's development cooperation itself. At times incomprehensibly, there appears to be a conviction among EU policymakers that the main issue with the EU's development cooperation is Europe's inability to communicate its development cooperation efforts effectively. Even if this is true, it stems from a second, and perhaps much more serious, failure of communication: the EU's inability, or perhaps unwillingness, to communicate both to itself and to its development partners what development cooperation means to the EU, and how the bloc's development cooperation policy is a crucial component of advancing the EU's self-interest. Focusing on strategic autonomy might help see and present things more clearly.

In the following, this policy brief will argue that development cooperation can indeed support the EU's strategic autonomy – but only if the EU is able to be clear to itself regarding its strategic objectives, and how the parts of the world with which it engages primarily through development cooperation can support the EU to achieve those objectives. This brief examines what this could look like in five priority policy areas for the European Union: people and skills, climate policy, critical raw materials and supply chain, energy policy, and the digital agenda.

Although the EU's development policies are implemented around the world, this brief reflects and draws mainly from cooperation with African countries. This is because the two continents'

geographic proximity will strongly benefit the five-point agenda that is discussed below for how development cooperation can support the EU's strategic autonomy.

Connecting the dots between development cooperation and strategic autonomy

To connect the dots between the EU's foreign policy and development cooperation, the fact first needs to be acknowledged that specific foreign policy objectives are indeed already being pursued through development cooperation. For areas where this is not yet obvious, the EU should strive to make the connections more explicit. In this spirit, this section looks specifically at how development cooperation can support five foreign policy priorities of the EU that relate to strategic autonomy.

People and skills

People and skills are the core of a country or region's economic independence and a prerequisite for larger goals of strategic autonomy. The EU faces important – and urgent – demographic challenges in this regard. According to the European Commission,⁹ the total population of the European Union is projected to grow slightly from 446.8 million in 2022, to reach a peak of 449.3 million in 2026-2029. By 2050, it is projected to have fallen back to 441.9 million. Europe is being hit both by an ageing population, due to a significant increase in life expectancy, and low birth rates. Given these factors, the Commission forecasts that the number of people aged 85 and above will increase from 12.5 million in 2019 to 26.8 million by 2050, while the number of centenarians is estimated to increase from 96,600 in 2019 to nearly half a million (484,000) by 2050.

As this trend progresses, the number of people of working age will trend downwards. By 2050, there will therefore be 95 million fewer people of working age living in the EU than in 2015. This working population will be expected to support the dramatically ageing population. *The Economist*¹⁰ projects that Europe, which it describes as the “world’s oldest region”, will have 40 million fewer inhabitants in 2050 than currently.

Worries around demography are not necessarily about the number of people in a region, or even just about the demographic ratio (the ratio of the number of dependents in a population to the working age population). Instead, the worries mainly concern the future economic impact for Europe if the continent is unable to secure the right mix of labour skills required to power its economy. The pressures in this regard are already mounting for Europe. According to the 2021 Report on Labour Shortages and Surpluses issued by the European Labour Authority, “a total of 28 occupations, employing 14% in the EU workforce in 2020 (27 million), were classified as shortages – and 19 occupations were classified as shortages of high magnitude”.¹¹ The shortages are such that internal migration within the EU cannot help, as the shortages were “often ubiquitous; consequently, the potential for matching shortages with surpluses across frontiers was limited.”

In Germany, Europe’s largest economy, the ifo Business Survey¹² found that the shortage of skilled workers has reached an all-time high and affected close to 50% of companies surveyed in July 2022. According to a labour economist at ifo, “in the medium and long term, this problem is likely to become more severe.”¹³ Although this is the case across the continent, Germany is particularly hard hit. In addition, the shortages appear to affect a variety of different economic

sectors, from services to manufacturing to data processing.

In France, the Centre for Global Development¹⁴ (CGD) estimates that there will be a labour shortage of 3.9 million by 2050. The sectors already facing shortages are likely to continue that trend. The shortages are being experienced in the information and communications technology (ICT) sector, and among engineers and healthcare professionals, as well as among financial and legal professions. This also reflects the trend across the EU, with ICT skills being particularly short.¹⁵

It is hard to imagine these challenges being solved without immigration. This is therefore where policy coherence can support the EU in achieving its strategic autonomy objectives in the area of people and skills. However, when it comes to migration, much of the European Union’s effort is currently expended towards stopping people from entering the EU’s borders. Indeed, the EU has even created a fund, the EU Emergency Trust Fund for Africa, whose main goal is to fight the root cause of migration. According to estimates from *Deutsche Welle*,¹⁶ about a quarter of the fund’s €5.2 billion has been spent on migration management. In addition, the EU has partly been using its development budget to control migration, spending a larger proportion in North Africa, “often in countries considered the origin or transit states for migrants who make their way to the European Union.”¹⁷

It is somewhat ironic that the region with the biggest need for people is spending so much on keeping people out, often willing to work in ways that are against its stated objectives.

For example, in Africa, one of the goals that the EU says it wants to support with its development policy is regional integration. Yet

it has been shown¹⁸ that the EU's migration funding on the continent often results in the disruption of advances that have been made by African Regional Economic Communities in the area of freedom of movement. In West Africa, specifically, the securitisation of borders, which has been at the core of the EU's engagement around migration in the region since 2015, is leading to an automatic suspicion that anyone moving across borders towards the North is trying to reach Europe.

In other words, the EU's current development cooperation approach is doing the exact opposite of what would be required to build its strategic autonomy in the people and skills area. However, there are already a number of ideas for how migration could work between the two continents. The pressure on the African side is clear: a large and growing youth population is putting enormous pressure on countries and governments. The EU's approach, until now, has nevertheless been largely framed as supporting Africans who have a problem creating jobs for these young populations. Indeed, this is how the EU narrative around 'legal pathways' for Africans to reach Europe has been framed. Yet this framing on the EU side needs to change – to one that considers how migration can support the EU with its own people and skills shortage. This shift has the potential to lead to more policy coherence, with development cooperation working in tandem with other policy objectives rather than against them.

EU's climate policy

The EU is the first major global power with a clear and detailed plan for a net zero future by 2050. The European Green Deal, which was originally introduced by the European Commission in December 2019, has since been converted to the 'Fit for 55' package – a set of policies and

initiatives that are targeted at reducing net EU greenhouse gas emissions by 55% by 2030.

When the European Green Deal was introduced, it was hailed as Europe's "Man on the Moon" moment,¹⁹ designed to make the first climate neutral continent by 2050. It also included a range of initiatives that, although focused on the EU itself, have potential foreign policy and geopolitical dimensions. Indeed, scholars and commentators have already elaborated specifically on these dimensions.^{20 21} Climate policy is therefore an area where the EU has a credible claim to be leading in the debate, where it is already seeking strategic autonomy, and where the role of development cooperation for supporting this endeavour can be sketched out.

The EU should seek to stay ahead in leading the discourse on net zero greenhouse gas emissions as well as in building trust by supporting the climate agendas of countries which might not have access to the same level of resources as Europe. Here, what is more important is policy coherence between the EU's climate policy and its development cooperation policy, not necessarily the development cooperation itself. Indeed, the countries with which the EU needs to build trust are already countries that are amongst its development partners. To achieve this trust, development cooperation and climate policy need to work hand in hand – starting with the issue of climate finance.

European countries are part of the group that, in 2009, committed to providing USD 100 billion per year by 2020 to developing countries that are facing the harshest of the climate change realities. The sum falls hopelessly short of the amount needed – in Africa alone, at least USD 250 billion is needed annually in conditional and unconditional financing between 2020 and 2030.²² Even so, the USD 100 billion target per year by 2020 has not been met in 2023. The first

step towards maintaining credibility is lending the voice and power of the European Union to supporting developing countries in this regard. This should also extend to providing the kind of financing developing countries need, such as adaptation financing, as well as supporting the full implementation of the Loss and Damage Fund that was announced at COP27 in Sharm El Sheikh. Another key agreement at COP27, which is in need of Europe's climate diplomacy support, is the issue of reforming the multilateral development banks (MDBs) and the international financial institutions (IFIs) so that their spending is aligned with climate goals, especially climate adaptation measures. The fact that developing countries cannot access development financing is largely due to the inherently undemocratic structure of the global economy and the international debt financing architecture. The European Union can support these initiatives, with a view to backing projects that are truly championed by the least developed countries.

The EU also needs to ensure its zero carbon objectives do not cause undue pain to developing countries. It is therefore essential for the EU at the very least not to allow its net zero goals to take with one hand what it is giving through development cooperation with the other. There are a few initiatives under the European Green Deal about which developing countries have raised concerns. Chief among them is the Climate Border Adjustment Mechanism, which Europe hopes will help it avoid carbon leakage into its market and protect local industries. According to UNCTAD,²³ this is going to adversely affect developing countries whose exports will be reduced because of the tax. It is important for the EU to ensure that the European Green Deal does not create negative effects for developing economies. Complying with the common but differentiated responsibilities principle of the Paris Agreement, rather than implementing

policies that unlawfully punish developing economies, will support the EU in building trust that will allow it to score geopolitically.

Critical raw materials and supply chains

The European Union relies on imports to meet a significant portion of its demand for critical raw materials. These materials are essential for various industrial sectors and have a high economic value, but they are also scarce or have a high environmental impact.

The EU's 2020 list²⁴ of critical raw materials contains 30 materials, three more than the 2017 list. The current list includes both rare as well as materials that are more common but that are needed in great quantities across different sectors. The former includes rare earth metals, lithium, magnesium and cobalt, and the latter copper and aluminium.

In her 2022 State of the Union address, European Commission President Ursula von der Leyen noted, "we must avoid becoming dependent again, as we did with oil and gas" – a clear reference to the EU's reliance on Russian energy sources. Russia was not her only concern, however. The speech also mentioned the fact that the EU currently depends overwhelmingly on China for raw materials. Indeed, the supply of critical raw materials is highly concentrated. China produces 86% of the world's rare earth supply, and the EU imports 93% of its magnesium from China, 98% of its borate from Turkey, and 85% of its niobium from Brazil. Russia produces 40% of the world's palladium.

In order to address these issues, the Commission has announced a Critical Raw Materials Act which is supposed to map out the EU's ambitions for its industry and defence capabilities, as well as its climate ambitions. The Commission plans to present a proposal for the Act by March 2023.

In the already existing outline presented by von der Leyen, mention was made of the importance of a “more resilient supply chain”. This is where development cooperation, again, might be able to support the goal of strategic autonomy because many of the minerals that the EU has categorised as critical are present in countries with which the EU engages as a development partner.

Looking at Africa alone, the EU currently sources 28% of its barite from Morocco, 64% of bauxite from Guinea, 68% of cobalt and 36% of tantalum from the Democratic Republic of the Congo (DRC), and about 90% of the platinum group metals (PGM) from South Africa. This is just the list of African countries already supplying Europe. Other countries such as Ghana, Namibia, Zambia, and Zimbabwe also have the potential to supply copper, PGM, rare earth metals and bauxite to Europe. However, these countries want to ensure that their raw materials support their own countries’ industrialisation. They therefore do not just want to be suppliers of raw materials, but have a strategic interest in processing the materials themselves and thus capturing a much more significant revenue.

This is where development cooperation might be able to offer some support to supply chain ambitions. The EU has already signed at least one strategic partnership with an African country, Namibia.²⁵ Although the details are scant, the information available shows that development cooperation will play a key role in this strategic partnership, as it includes skills development around raw materials as well as renewable hydrogen value chains. It also includes cooperation around research and innovation, as well as cooperation in raw materials value chains and hydrogen technologies. These are backed by loans from EIB Global, a new branch of the European Investment Bank with the mandate to support EU objectives around the world.

In other words, there is a possible template for how the EU might use development cooperation to support its ambitions for some level of independence in sourcing critical raw materials. Yet it needs to offer the African countries hosting these critical materials what others are not offering enough of: value addition through processing, which also offers the possibility of job creation for young Africans. Furthermore, these strategic partnerships need to be open to scrutiny both in Europe and in the African countries, to ensure that they are indeed developmental in their goals and cater to the development objectives of the partner countries. This is especially vital if the EU wants to avoid being accused of forcing through underhand deals in the guise of development cooperation. In short, the gains on both sides need to be clear.

EU energy policy

The war in Ukraine has raised the EU’s awareness of the fact that its transition to renewables is a vital part of its energy independence, particularly from Russia, but also from other actors that the EU considers strategic rivals or competitors. Some drastic steps have been taken in the wake of Russia’s invasion of Ukraine, with a clear understanding that the share of renewable energy in the EU’s energy mix has to be significantly increased in the medium to long term. For the EU, this is not only good geopolitically, but also for the achievement of its climate goals, which include the decarbonisation of the energy sector.

Following Russia’s invasion of Ukraine, the Commission released the REPowerEU Plan,²⁶ with the objective of rapidly reducing the EU’s dependency on Russia by increasing renewable energy usage. The goals of the plan include saving energy; diversifying supplies; accelerating Europe’s clean energy transition; and smartly combining investments and reforms. It is an

inward-facing plan that seeks to change the way the EU consumes energy in the short to medium term. However, the plan cannot be achieved without strong outward-facing partnerships. This is where it needs to dovetail with the EU's energy diplomacy, a crucial component of its foreign policy.

The goal of the EU's energy diplomacy, as stated by the EEAS, is threefold: supporting the global energy transition, supporting energy security, and ensuring that the energy transition is geopolitically just and in alignment with the Paris Agreement.²⁷ Although information on EU energy diplomacy is openly accessible online, it does not appear to have any real financing or plan attached to it. The Commission might want to consider changing this, as good energy diplomacy implemented in concert with the EU's development cooperation would be essential for the EU's energy policy.

Unless the EU takes drastic measures including strong industrial policy, the local production of hardware for renewable energy, such as solar cells, solar panels, and wind turbines, is not likely to increase significantly – in the case of solar cells, beyond the few that are currently being manufactured in Italy, France and Slovenia.²⁸ European wind turbine manufacturers such as Siemens Gamesa, Vestas and Nordex are currently running at a loss. According to the *Financial Times*, there is no expectation of a return to profitability in the near future.²⁹ However, it does not currently appear that Europe and European countries have the appetite for the kind of industrial policy that would be required to make the reshoring of manufacturing capacity for some and the retention of it for others possible.³⁰

This is where development cooperation can support the EU in achieving its strategic autonomy ambitions: if the EU is not able to implement

such an industrial policy, it should at least strive to ensure that the supply chain of renewable energy hardware becomes less concentrated than is currently the case. A less concentrated supply chain increases the chances of strategic autonomy in this crucial sector. Much like in the case of critical raw materials, many developing countries, including most in Africa, have renewable energy manufacturing ambitions. Given that some of them face energy security issues that the EU, through its development cooperation policy, seeks to support, advancing the development of renewable energy industries in these countries should be a priority within the EU's policy framework.

To do this, the EU must be willing to support the industrial policies of developing countries as part of the EU's development cooperation policy. This would require a level of ambition from the EU side that has not been witnessed up until now, as well as a strategic dialogue with EU companies that have signalled interest and willingness to explore the assemblage and manufacturing of solar panels in African countries. Doing so would not only help diversify the production of renewable energy hardware, something essential for reducing the concentration of supply chains, but would also ensure that the EU, with its geographical proximity to Africa, could become an export destination for some of the renewable energy hardware produced in African countries.³¹ Africa's renewable energy manufacturing sector is well positioned to experience significant growth over the next few years given its push for industrialisation and localised manufacturing as well as its richness in resources critical for renewable energy products.³²

One key element needed for this to happen in African countries is a significant increase in energy production, since manufacturing requires high energy. In the long run, Europe's

bet on hydrogen could help with this. But in the short to medium term, the EU must be willing to acknowledge the fact that fossil fuel will be required to increase energy production – and it must be willing to support this where possible through development cooperation. This should not be a big request given that hardly any deal the EU and European countries have struck since the drive for the diversification of energy sources is exclusively focused on renewable energy. Most are in fact focused on natural gas.³³ Supporting the development of natural gas capacity – for instance in Nigeria, which has the ninth largest natural gas reserve in the world, and the largest in Africa – when it is of such strategic importance both for the host countries and the EU, should therefore definitely be within the EU's energy policy toolbox.

EU's digital policy and sovereignty

The EU needs to work hard in securing its digital future. In the key software technological areas of the future – artificial intelligence and cloud computing – it lags behind the US and China. It remains somewhat competitive in certain hardware sectors such as 5G and semiconductors. But even in these sectors, there is strong competition – in the semiconductor sector from Taiwan and the US, which has recently introduced measures that limit Chinese access to semiconductor technologies; and in 5G from Chinese companies that are busy building the 5G infrastructure in large parts of the non-Western world, Africa included.

The geopolitical tussle between the US and China is likely to express itself most strongly in the technology space. Some commentators³⁴ are already thinking of a not-so-distant future in which the US could actively pressure its allies to choose sides when it comes to the export controls it imposes on China – something that it currently says it will not do. A first act of this

was seen in the successful diplomatic efforts by the Trump administration to convince Europe (except Germany) and leading allies in Asia not to use Huawei for 5G.³⁵ Germany, the EU's economic powerhouse, whose 5G radio access network is provided to 95% by Huawei,³⁶ might be on the receiving end of such active pressure by the US if the US was to begin pressuring its allies to support it as it tries to limit China's technological advancement and global market access.

The EU is no doubt aware of this and other possible problems for its digital future and has been working on a few initiatives that it hopes will allow it to take its digital future in its own hands. On semiconductors, the Commission has introduced a European Chips Act, which it hopes will support the EU in achieving some level of strategic autonomy in the semiconductor space. The Chips Act has been described as promising³⁷ as it has garnered strong political support, in part due to supply chain pressures caused by the Covid-19 pandemic. Delivering on this promise of course depends on continued political support as well as the ability to raise the amount of financing the Act anticipates. The EU plans to allocate USD 43 billion in public funds, which it hopes will catalyse private funding of the same amount. Furthermore, the EU is not the only country aiming to scale up its semiconductor sector. South Korea, for example, is planning an investment of USD 450 billion into its chips industry.³⁸

Even if the EU's efforts with regard to chips bear fruit, this is only one area of technology. In other areas, the Commission has proposed the Data Governance Act and the Data Act which it hopes will encourage the use of data as a driver for innovation and growth.³⁹ There is also the Digital Services Act and the Digital Markets Act which are designed to respond to regulatory challenges posed by internet platform companies, none

of which are European. The Standardisation Strategy aims to strengthen the ability of the EU to remain a global standard-setter, and the Artificial Intelligence Act has proposed a legal framework on AI.⁴⁰

A quick look at these initiatives will show that the EU is counting on what has come to be described as its normative power to support it in the global two-way race for tech supremacy. In this regard, it counts on being the player that sets the global norms for how different aspects of technology are used, using access to its large single market as an incentive for companies to follow the rules that it sets up. If it is able to pull this off in a tech world that is becoming more polarised, it would indeed be a feat because no country or bloc has ever been able to regulate its way into global supremacy in any space.

Perhaps aware of these facts, the EU has made digital partnership an important part of its development cooperation with third party countries. In doing this, the EU seeks to be a sort of role model for the digital economy, essentially by “supporting developing economies in going digital and developing digital standards with the intention of promoting them internationally.”⁴¹

The EU also appears to be seeking to export its regulations to the developing world. The apparent implication of this would be to make it easier, even if not in the short term, for European companies to be the investors of choice in developing countries since those jurisdictions already implement European companies’ home rules, so to speak. A look at Article 15 of the Agreement between the EU and the African, Caribbean and Pacific Group of States (ACP), which covers how personal data is processed, reveals that it already includes text drawn from the GDPR. This would commit signatories to implement such provisions in a way that is legally binding.

Many ACP countries are nevertheless very likely going to find it difficult to implement these provisions. In fact, EU member states themselves find it hard to implement the GDPR effectively,⁴² with national regulators finding it difficult to implement and enforce it. For many developing countries where regulatory capacity might be weak, implementing elements of the GDPR that come bundled with comprehensive and legally binding agreements like the ACP-EU Treaty, may be rather difficult. Indeed, it would require them to introduce new national legislation that ensures compliance with the EU-ACP agreement. Implementing these regulations is also likely to be very hard.

Strategically speaking, it makes sense for the EU to introduce these provisions. But in the long run, if they end up leading to legal disputes that are costly to developing countries, the provisions will be counterproductive to Europe’s desires to become a geopolitical actor. It would therefore be important to ensure that one-size-fits-all regulations and conditions are not introduced into legally binding agreements. This would also have to include learning from the EU’s own experience in implementing the GDPR.

Instead, it would be helpful to start with what developing countries themselves say they want – and then to determine where the EU can connect to this. Taking African countries as an example, digital infrastructure is one thing that they have all clearly stated as of core importance to their digital agenda.⁴³ It is doubtful that the EU will be able to provide 4G and 5G solutions to African countries as Huawei can, or that EU companies will build the kinds of underwater cables that Meta and Google are currently building to connect with African countries. The EU could, however, look into the niches that it could carve for itself, around areas that are of interest to African countries, in ways that can allow the EU to seize a measure of control over

its digital future. Investing in African data centres could be one way for Europe to connect with the needs expressed by African governments.⁴⁴

While it might therefore be hard at this point to imagine a world in which Europe is able to strike out on its own in a world of US-China rivalry, close cooperation with its neighbouring continent, which also happens to be the youngest continent in the world, could help the EU carve out a space in the global digital market, as outlined above. Development cooperation can support this by investment in areas that partners have identified as areas of importance to them. Beyond this, EU initiatives that move in the direction of industrial policy could also look at how to involve African countries. One can imagine a world in which the EU Chips Act includes a development cooperation component that invests in nascent industries in African countries. Future initiatives of this type in other specific areas of the digital sector could also include development components that understand that the EU might need to collaborate with African countries.

Conclusion

There appears to be a shyness among European policymakers in accepting the fact that the EU and its member states could implement an interest-based development cooperation policy that also connects with foreign policy objectives. One can understand this shyness – if interest-based is taken to mean the ‘instrumentalisation’ of development cooperation, which has been criticised by several commentators, including in a briefing published by the European Parliament.⁴⁵ But the truth is that development cooperation has never really been divorced from national – or in the case of the European Union, regional – interests.

This policy brief has sought to undertake a very brief and necessarily incomplete review of key aspects of the EU’s strategic autonomy goals and how they can be supported by development cooperation. The overall argument is a simple one: development cooperation has always in a sense been part of foreign policy. The hope here is that embracing this fact might help shift the debate towards how to ensure that development cooperation works better in achieving foreign policy objectives – in this case the EU’s ambitions for strategic autonomy, specifically by identifying overlapping and intersecting strategic objectives with Africa, its neighbour continent.

The bigger hope is that looking at how development cooperation can support strategic autonomy might itself lend a new lease of life to development cooperation. This is akin to what is described as “principled national interest”⁴⁶ – one that avoids the instrumentalisation of development cooperation for short-term domestic political gains, as is currently the case with the EU’s development cooperation policy around migration. Instead, a policy framework is needed that manages to contribute to global (especially to southern) development while clearly understanding, if not articulating, what it offers to the donors as well. If EU policy circles can acknowledge these linkages, development policy can better serve the interests of both Africa and Europe.

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STRATEGIC
AUTONOMY
pathways to progressive action

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PROGRESSIVE PATHWAYS TO EUROPEAN STRATEGIC AUTONOMY

HOW CAN THE EU BECOME MORE INDEPENDENT IN AN INCREASINGLY CHALLENGING WORLD?

ABSTRACT

The debate on European strategic autonomy (ESA) has gained new momentum while Russia's invasion of Ukraine, even though the idea of European strategic autonomy has been present throughout the history of EU integration. The main idea behind the concept of ESA is the EU's ability and means to enhance its freedom from a set of external dependencies – and also to enhance its freedom to conduct its policy autonomously and in line with its fundamental values and interests. Yet does the EU have the capacity and agency to set priorities and make decisions autonomously in its external action? What political, institutional, and material steps are needed to achieve strategic autonomy? Guided by these questions and in search of a progressive answer to them, FEPS, the Fondation Jean-Jaures and the Friedrich-Ebert-Stiftung conducted a research project looking into three policy domains in which it is vital for Europe to attain the necessary freedom and where pivotal to pursue this objective of ESA: the EU's relations with the economy and trade, and digital and technology. This policy brief summarises the main findings of our ESA research project. Overall, Europe must adapt the new and challenging global realities. To do this, the EU needs to act with more unity and coordination in different domains, as well as to build resilience and reduce its external dependence on certain fundamental resources.



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FONDAZIONE PER LO SVILUPPO
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EUROPE NEEDS HIGH-TECH TALENT

INVESTING IN PEOPLE TO COUNTER OLIGOPOLISTIC DYNAMICS AND DEPENDENCIES IN TECHNOLOGY MARKETS



ABSTRACT

A few firms in the EU and China control key layers of the digital supply chain. This geographic and economic concentration creates dependencies for the EU (so far, the block has focused on regulating firms to mitigate the risks). Yet it has neglected educating people to support genuine independence. The EU counts too few digitally skilled graduates, and too many leave the continent to join other tech hubs. This shortage represents market concentration, as the biggest firms pay the most competitive salaries and attract a large share of the global talent. It also hampers ongoing regulatory efforts in the EU cannot police technologies does not understand.

The EU acknowledges the need for more skills, but fails to propose adequate remedies, or even to establish the right objective for digital strategy focuses on number of ICT specialists – a target that is much too broad to meaningfully support strategic autonomy objectives. The EU needs to refine its success metric and trust unmet employer demand for specific advanced digital skills and internet student demand for specific programmes. EU action plans, including the European Skills Agenda and Digital Education Skills Plan, could help address this. Yet, the lack of clear lines of accountability body for their effective implementation.

Obtaining the requisite skills for a more autonomous digital economy and society requires a co-ordinated approach within and between EU countries – one that leverages a wide range of policy areas and explores linkages between them. High-tech talent is drawn to vibrant technological centres, and while dynamic digital markets will not exist without a skilled workforce, a skilled workforce without local market dynamism is a recipe for brain-drain.

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POLICY BRIEF

July 2022

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POLITICS RESEARCH STUDIES

PARTNERSHIPS AND EUROPEAN STRATEGIC AUTONOMY

HOW TO TURN THEM INTO WIN-WIN APPROACH

SUMMARY

To become more strategic and autonomous, the European Union has to better use its global partnerships. Managing external capacity threats to the Europeans is a win-win approach. Partnerships, first and foremost with major capitals and like-minded partners. Moreover, partnerships can increase the Union's capacity to act in Europe and beyond. Today, the EU has several partners. While the number has grown over the last decades, their paid-up use in the security and defence domain has rarely been demonstrated.

But the pressure on the EU to deliver more in the field of international security is growing. The Russian war against Ukraine is a watershed for European security, by pressuring both EU institutions and members to unprecedented collective decisions, such as sanction packages on Russia and the delivery of weapons financed by the European Peace Facility. Russian military aggression adds to ongoing security challenges around Europe, from instability in the south to transnational challenges. And the US administration is increasingly committed to supporting European defence. America's focus on the systemic rivalry with China remains a structural threat that risks turning US attention away from Europe again.

Internally, the narrative of strategic autonomy has been pushed mainly by France and the European Commission by Ursula von der Leyen. The 2022 Strategic Communication operationalises that ambition through four lines of action: Partners, Invest and Partner. The importance of partnerships as an enabling tool is hence growing. In order to deliver, EU, US, UK, NATO, the US and the UK have to be prior listed and pushed forward. The EU should focus on identifying its interests, engage partners and invest in implementation.

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May 2022

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EUROPEAN INDUSTRIAL POLICY

A CRUCIAL ELEMENT OF STRATEGIC AUTONOMY

ABSTRACT

A sea change in the geopolitical environment and the green and the digital revolution are forcing Europe to rethink its approach to industrial policy. Russia's invasion in Ukraine has ushered in a new era for Europe's economic diplomacy, supply security and military spending. The war poses a fundamental challenge, and the EU has also set ambitious goals on decarbonisation and digitalisation.

The EU's past approach to industrial policy mostly assumes an absence of great power rivalry, a limited relevance of economies of scale, and benign approaches by other countries to international trade. But other countries are now weaponising economic dependencies and markets for many advanced and emerging technologies when these technologies are found in high concentration and have significant spillover effects within the home country of dominating firms.

The EU needs to recalibrate its approach and focus on the emergence of key industries and key supplies, and provide key infrastructure in Europe. The right balance between selective protection and openness to trade and investment needs to be struck. The goal of industrial policy should not be to produce everything at home, but to preserve the capability of production. To end, Europe should target new products or technologies rather than existing ones, enhance market competition rather than protect actors from it, and help more productive companies rather than unproductive ones. The EU could do this with strategic regulation, FDI screening, public procurement and other tools, all while shielding policies from public interest and inefficiency.

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A five-point agenda for how development cooperation can support the EU's strategic autonomy