European Council (EC)

Industrial autonomy in an increasingly unstable geopolitical environment

Research Report

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"Out of this World"

Forum: European Council

Issue: Industrial autonomy in an increasingly unstable geopolitical environment

Position: President

Introduction

Industrial autonomy is the ability of a nation or region to maintain its industrial activities independently, without heavy dependence on external resources, technologies, or supply chains. This idea includes self-reliance in raw materials, energy, manufacturing capabilities, and technological progress.

In today's unpredictable geopolitical environment, industrial autonomy has become a critical topic for discussion, particularly within the European Council. The growing instability in global politics, trade conflicts, and supply chain interruptions have exposed the vulnerabilities and risks of heavy dependence on external sources. Achieving industrial autonomy is essential for protecting economic stability, national security, and technological leadership.

The European Council should prioritise discussions on industrial autonomy to create unified strategies that enhance the resilience and competitiveness of the European Union (EU). By promoting industrial autonomy, the EU can minimise risks related to geopolitical tensions, reduce dependency on non-EU countries, and guarantee a steady supply of essential goods and services.

In conclusion, industrial autonomy is a critical issue that demands attention and action from the European Council. By addressing this issue, the EU can enhance its resilience, reduce vulnerabilities, and ensure a prosperous and sustainable future for its member states.

During LEMUN, you will engage in discussion about this topic. You will represent different positions and create new ideas. To help you prepare, I prepared an overview with the most important information as well as the major parties involved and possible solutions.

I wish you a great time for your research!

Cecile Clemens

Definition of Key Terms

Strategic Autonomy:

Strategic autonomy is the capacity of a nation or a collective, such as the EU, to independently pursue their strategic goals and safeguard their interests and values. In a volatile geopolitical landscape this entails making decisions and taking actions that align with the best interests of the country or union, free from excessive external influence or control.[1]

[1] EU strategic autonomy 2012-2023: From concept to capacity, 08.07.2022, Website of the European Parliament, https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2022)733589 (24.10.2024)

Industrial Autonomy:
This term refers to the degree to which an industry within a country is able to operate without significant reliance on other, potentially opposing countries.[2]

Geopolitical Environment:
The geopolitical environment is the current state of intergovernmental relations between a variety of countries.

Resilience:
Resilience describes the capacity of (in this context) an economy / a country to recover from or adjust to changes. This is especially relevant in the context of adapting to the lack of supplies from a specific country.

Selective Protectionism:
Selective Protectionism is already a possible solution to this issue. With this strategy, governments limit trade on specific products to protect domestic industries. This can help to limit dependencies in certain areas.

General Overview

As mentioned in the Introduction, industrial autonomy has become a critical focus for nations. This concept refers to a country/region's ability to maintain control over its industrial capabilities or supply chains without having to rely on external actors.

The push for industrial autonomy has gained momentum due to global events, including the COVID-19 pandemic, geopolitical tensions as well as trade disputes. These disruptions have shown how vulnerable global supply chains are and how risky it is to be dependent on specific countries for critical resources.

It is important to highlight that industrial autonomy is not about isolationism and protectionism. Instead, the EU aims to enhance resilience and safeguard strategic interests while maintaining global partnerships. Their goal is to balance between openness and security in supply.

While realising the risks, several measures have already been implemented.

The Green Deal Industrial Plan
President von der Leyen announced the European Green Deal Industrial Plan in January 2023. It outlines how the EU will lead the path to climate neutrality by investing in clean technology and improving investment conditions to safeguard the EU's resilience and competitiveness.

[2] Industrial Autonomy, Website of Plataine, https://www.plataine.com/glossary/industrial-autonomy/#:~:text=Industrial%20autonomy%20is%20the%20ultimate,for%20external%20supervision%20and%20intervention (24.10.2024)

The Green Deal Industrial Plan is based on the following four pillars:

- A predictable and simplified regulatory environment
- Faster access to sufficient funding
- Skills development
- Open trade for resilient supply chains"[3]

As a response to this plan, the European Commission proposed the Critical Raw Material Act (CRMA), which is accompanied by the Net Zero Industry Act (NZIA) as well as the reform of electricity market design.

Critical Raw Materials Act

The purpose behind the CRMA is to ensure a secure and sustainable supply of critical raw materials essential for the EU economy and strategic sectors like renewable energy, digital, aerospace and defence. It includes measures to strengthen domestic supply chains and to reinforce international engagement to develop mutually beneficial partnerships with third countries. It is significant for Europe since this enhances resilience against supply chain disruptions as well as supporting sustainability in supply chains and the EU climate and digital objectives.[4]

Net-Zero Industry Act

NZIA creates a regulatory framework to boost the competitiveness of the EU industry. It aims to scale up the manufacturing of clean technology in the EU, supporting the clean energy transitions and leading the path to climate neutrality.[5]

Major Parties Involved

Several countries play a vital role in the aim of industrial autonomy. In this part, I will introduce some of those countries. If your country is mentioned, please be reminded that your country plays an extra important part during this debate. If your country was not mentioned, please also prepare accordingly.

Germany

With their strong manufacturing sector and technological expertise, Germany is a key player in innovation and industrial growth within the EU.

France

France focuses on energy independence and advanced industrial capabilities, therefore they play a significant role.

Sweden

Sweden's focus on sustainable industrial practices and technological advancements makes it a crucial contributor to the EU's industrial autonomy efforts.

Italy

[3] The Net-Zero Industry Act: Accelerating the transition to climate neutrality, Website of the European Union, https://single-market-economy.ec.europa.eu/industry/sustainability/net-zero-industry-act_en (25.09.2024)
[4] European Critical Raw Materials Act, Website of the European Commission, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/green-deal-industrial-plan/european-critical-raw-materials-act_en (25.09.2024)
[5] The Net-Zero Industry Act: Accelerating the transition to climate neutrality, Website of the European Union, https://single-market-economy.ec.europa.eu/industry/sustainability/net-zero-industry-act_en (25.09.2024)

They emphasise digital transformation and smart factories to boost industrial efficiency.

Netherlands

They are known for their advanced technological infrastructure and innovation in industrial automation.

Timeline of Events

2020	A meeting of the EC emphasises the need for a progressive industrial policy to make EU's industry more sustainable, resilient, environmentally friendly, and competitive
2021	The European Commission updates the new industrial strategy, drawing upon lessons from the COVID-19 pandemic. This focuses on supporting green and digital transitions, making the industry of the EU more competitive globally and strengthening the open strategic autonomy.
2022	The concept of strategic autonomy becomes a noticeable theme in European policymaking, extending beyond defence to include economic and industrial policies.[6]
2023	The Green Deal Industrial Plan was presented. It includes the Critical Raw Materials Act, the Net Zero Industry Act, and the Reform of the electricity design.[7]
2024	The Critical Raw Materials act and the Net Zero Industrial Act were approved. The European Council also adopts conclusions on the future of industrial policy. This is called a long-term industrial policy strategy with a vision for 2030. [8]

Possible Solutions

During this part we will take a look at some possible solutions or how to improve the situation even a bit. Not every solution will fit into the idea of your country and that is completely alright. Also, the following ideas are not the only ones! Feel free to think of other ways to deal with this topic.

[6] Timeline – EU industrial policy, Website of the European Council, https://www.consilium.europa.eu/en/policies/eu-industrial-policy/timeline/ (22.10.2024)
[7] Strategic autonomy: Council gives its final approval on the critical raw materials act, 18.03.20204, Website of the European Council, https://www.consilium.europa.eu/en/press/press-releases/2024/03/18/strategic-autonomy-council-gives-its-final-approval-on-the-critical-raw-materials-act/ (12.10.2024)
[8] Timeline – EU industrial policy, Website of the European Council, https://www.consilium.europa.eu/en/policies/eu-industrial-policy/timeline/ (22.10.2024)

Enhancing Strategic Autonomy

To be able to strengthen the Independence, the European Council must talk about methods to better the strategic autonomy. An example would be to establish diversified international partnerships. This could enhance economic resilience.[9]
On the other hand, one could also focus on supply chains. Think about how countries could enhance internal production capacities for goods and technologies. In order to do so, you must identify and sustain strategic value chains within the EU to be competitive and self-sufficient.[10]

Green and Digital Transitions

The European Industrial Plan calls for the support for both green and digital transitions. This could include investing in another energy source or promoting digital innovations to enhance industrial competitiveness. One of the goals of the European Union is to be climate neutral and this is one way to address climate change.

You could also think about establishing new industrial alliances in strategic areas in order to attract private investments and create new jobs. These alliances can contribute to economic resilience. [11]

Conclusion

Industrial autonomy is an important topic for the European council, and I hope this research report shows you the reasoning.

Nevertheless, I will sum it up. The EU's focus on industrial autonomy reflects an active approach to navigating an increasingly unstable geopolitical environment. By implementing different strategic measures, the EU aims to enhance resilience and foster sustainable growth. This ensures the EU's economic position and shows how competitive they are.

To be prepared for the conference, please research the topic according to your delegation. Look up how your delegation relies on certain chains or how dependent they are on other countries.

I wish you all a great time researching the topic and your positions.

See you all at LEMUN!

Yours,

Cecile Clemens

[9] EU industrial policy, Website of the European Union, https://www.consilium.europa.eu/en/policies/eu-industrial-policy/ (24.10.2024)
[10] European industrial strategy, Website of the European Union, https://single-market-economy.ec.europa.eu/industry/strategy_en (24.10.2024)
[11] EU industrial policy, Website of the European Union, https://www.consilium.europa.eu/en/policies/eu-industrial-policy/ (24.10.2024)

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