

LXXI COSAC

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BACKGROUND NOTE

Session III: Open strategic autonomy: competitiveness and resilience

Context

Open strategic autonomy aims to guarantee the European Union's ability to act autonomously, without excluding cooperation whenever possible. It combines intelligent supply chain management with economic and geopolitical factors. Open strategic autonomy aims to reduce external dependency in areas of strategic importance, as exposed by the COVID-19 pandemic and by Russia's invasion of Ukraine.

Open strategic autonomy therefore should make it possible to reconcile security and competitiveness, while taking into account the potential of the green and digital transition. The European Union must be able to guarantee its future capacity to act autonomously, without reverting to protectionism or abandoning the European values of competitiveness, sustainability and cohesion.

The EU aims to strengthen its resilience and long-term competitiveness, but also to make its market more coherent, innovation-driven and interconnected.

This third session will focus on the objectives of competitiveness and resilience.

A more competitive and resilient Europe

At their informal meeting on 6 October 2023 in Granada, the heads of state or government declared that they would make the resilience and global competitiveness of the European Union a priority, while ensuring that the Union is equipped with all the tools necessary to guarantee sustainable and inclusive growth. The following issues would be priorities in this context: crisis preparedness; ecological and digital transitions; energy and resource efficiency; adaptation to climate change; and the availability of medicines and critical raw materials.

Given the changing realities of geopolitics and markets, the Belgian Presidency of the Council of the European Union believes that the European Union must prioritise a rapid and

equitable dual transition that reshapes its economic fabric, supports open strategic autonomy, and fosters resilience in the face of crises. A strong, resilient, and inclusive ecological and digital transition is needed. In addition, with European competitiveness under increasing pressure, the EU's response must create a level playing field for businesses, particularly SMEs, to compete fairly in Europe and on the global stage.

This approach should offer new opportunities for businesses and a chance for workers to play an active part in the ecological and digital transition. It is necessary to promote global and sustainable prospects for the internal market and the EU's industrial policies.

It is essential for the EU to develop a common approach that guarantees fair conditions of competition at European and global level. The Green Deal Industrial Plan and regulations on net-zero industry emissions must be taken forward. This regulatory framework, together with sufficient funding and support for skills development, is essential for a thriving European industry. These initiatives also aim to reduce strategic dependency and achieve the EU's twin objectives of ecological and digital transition.

Latest developments

At the Informal Competitiveness Council on 8 and 9 February 2024, the ministers focused on the way forward for Europe to create a favourable and sustainable policy environment for industry and to strengthen the single market as an essential tool for achieving in-depth transition while reinforcing social cohesion.

The various contributions and reflections of this informal Council will be forwarded as recommendations to the next European Commission so that it can take them into account in order to strengthen European industry and to ensure the future of the single market.

In February 2024, the Council and the European Parliament also reached a provisional agreement on a Single Market Emergency Instrument (SMEI). The objective of this instrument is to anticipate, prepare for, and respond to the potential consequences of future crises. This new mechanism will strengthen the internal market in times of crisis by facilitating the movement of goods, services and people, monitoring supply chains and guaranteeing access to essential goods.

Finally, with the aim of financing competitiveness and resilience in strategic sectors, the Council and the European Parliament have also agreed on the Strategic Technologies for Europe Platform (STEP). This platform, presented by the Commission as part of the mid-term review of the 2021-2027 multiannual financial framework, aims to consolidate and improve Europe's position in crucial technological areas. It will mobilise investment in digital and deep technologies, clean technologies, and biotechnologies, with the overall aim of strengthening the Union's long-term sovereignty and competitiveness in critical technologies.

Discussion points:

- How can we ensure the EU's competitiveness?
- How can we ensure the EU's resilience?
- What are the measures to be taken in the new legislative term in relation to open strategic autonomy?
- What do you see as the priority measures in this context?