



Supply Chains and Open Strategic Autonomy

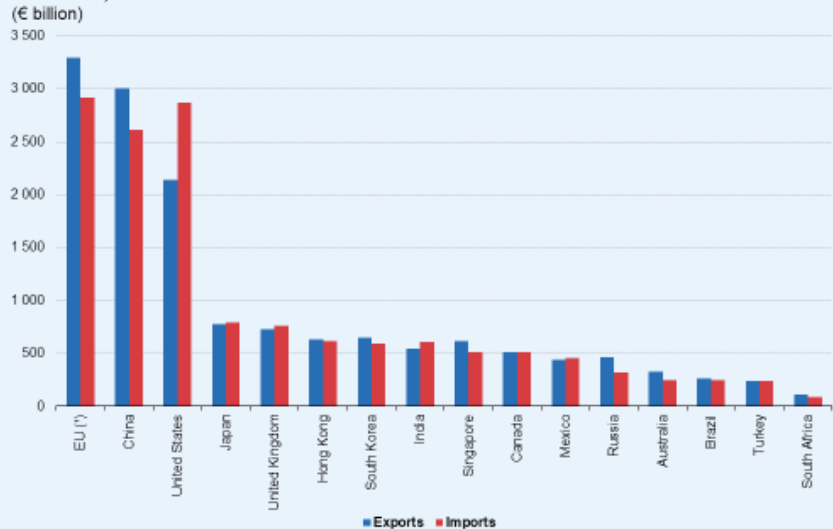
*Presentation by Deputy Director-General Maive Rute of DG for
Internal Market, Industry, Entrepreneurship & SMEs, European
Commission*

21 September 2022

Europe in the world

- EU remains committed to international trade, EU is the most important trade continent (*in 2021 international trade in goods and services represented 21.5% of EU's GDP*)
- In 2021 the EU exported more goods and services (*EUR 3.29 trillion*) than any individual country and the EU also recorded the highest level of imports (*EUR 2.92 trillion*)

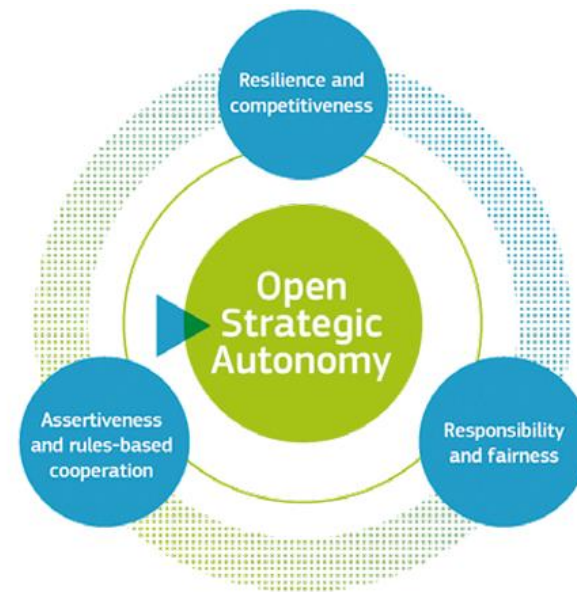
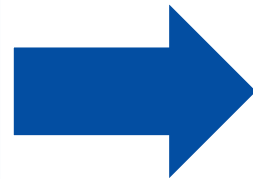
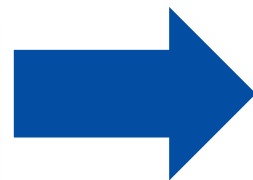
Value of international trade in goods and services, selected countries, 2021



Note: ranked on the total value of exports and imports.

(*) Extra-EU trade.

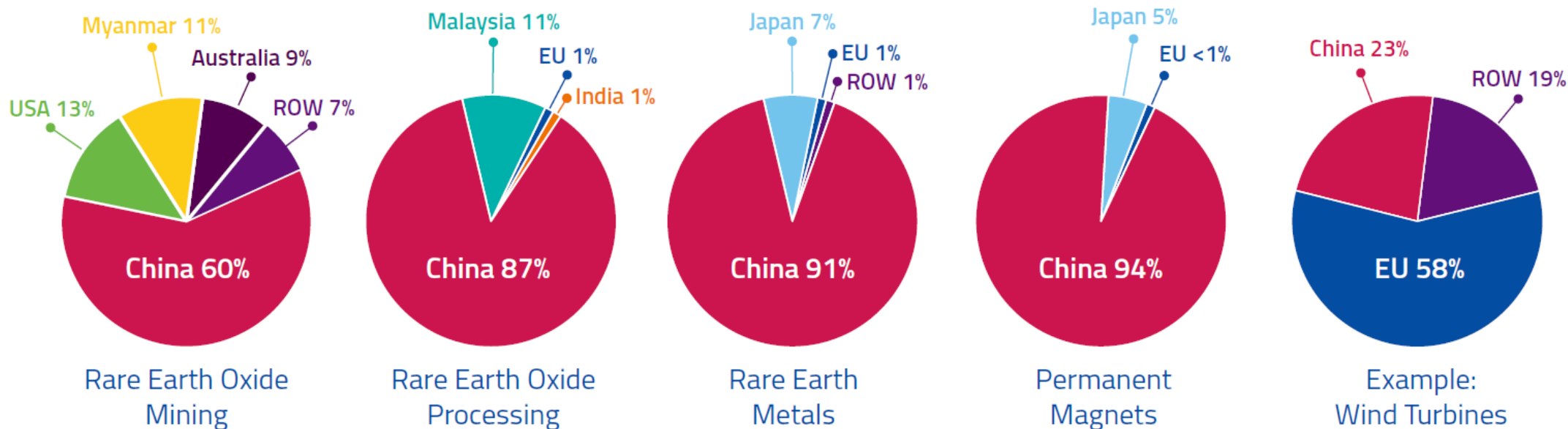
Source: Eurostat (online data code: bop_eu6_q) and International Monetary Fund (Balance of Payments and International Investment Position Statistics)



“Global trade and its integrated value chains will remain a fundamental growth engine and will be essential for Europe’s recovery. With this in mind, Europe will pursue a model of **open strategic autonomy**. This will mean shaping the new system of global economic governance and developing mutually beneficial bilateral relations, while protecting ourselves from unfair and abusive practices* ”




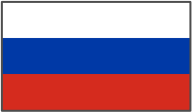
* Europe’s moment: Repair and Prepare for the Next Generation, May 2020 – Commission Communication, COM(2020) 456 final, 27/05/2020

Example: EU is highly dependent in rare earth value chain



Chinese dominance along the Rare-Earths supply chain

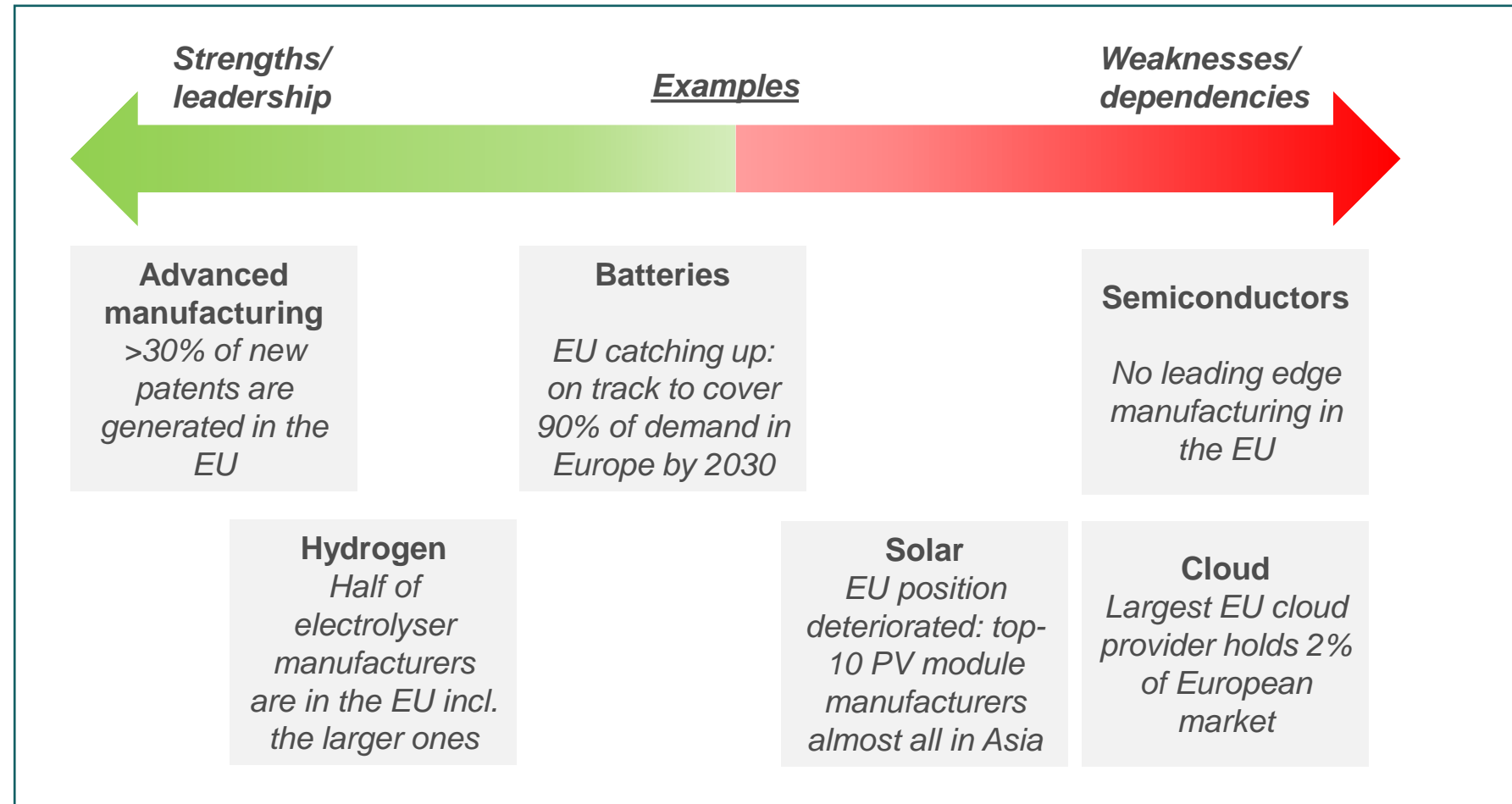
Example: EU and Russia have mutual dependencies in strategic ecosystems

Dependent Country	Source of dependency	Number of dependent products	Share in total import value	Potential for diversification (% of dependent products)
<small>Criteria: Imports (1) Concentration (2) Domestic substitutes</small>				
		~820 products	15.4%	<div style="display: flex; justify-content: space-between;"> Low High </div> <div style="display: flex; align-items: center;"> <div style="width: 69%; height: 20px; background-color: red; margin-right: 5px;"></div> <div style="width: 31%; height: 20px; background-color: green; margin-right: 5px;"></div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> 69% 31% </div>
		~ 10 products	0.2%	<div style="display: flex; align-items: center;"> <div style="width: 13%; height: 20px; background-color: red; margin-right: 5px;"></div> <div style="width: 88%; height: 20px; background-color: green; margin-right: 5px;"></div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> 13% 88% </div>

Review of EU's strategic capacities

Main take-aways

1. Dependencies are **not limited to products**
2. Strategic capacity in key technologies is essential to **deliver on green/digital ambitions**
3. EU has **strengths and weaknesses**: highly competitive in some areas, highly dependent in others



Tools and policy measures...

European Commission has a toolbox of policy measures. Some of the examples are ...

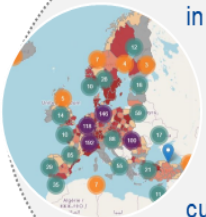


Horizon Europe partnerships

Bringing together private and public funding to finance research and innovation on low-carbon technology and processes.

New and coming from EU:


- Ban on products with forced labour
- Critical Raw Materials Act
- Chips Act



Clusters capture important linkages in terms of

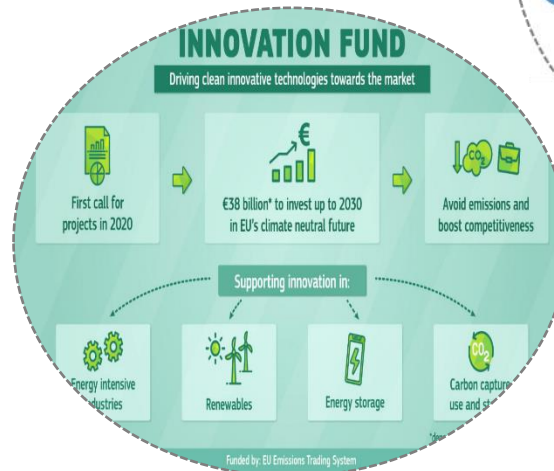
- uptake of technologies,
- skills,
- infrastructure,
- business development and research

cutting across different firm sizes and industries



Transition pathways

Co-create jointly with industry and stakeholders, transition pathways to identify the actions needed to achieve the twin transitions, giving a better understanding of the scale, benefits and conditions required.



The EEN in Europe and the world*
* Previous EEN 2014-2021



Thank you



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Push for supply chains resilience globally

Prioritisation of supplies
of goods and services:
US, China

Stockpiling of critical
inputs:
US, Japan, Korea, China

Public procurement
measures to support
critical sectors:
US, Japan, India, China

Screening of foreign
acquisitions in critical
sectors:
Japan, US, UK

Investments in specific
supply chains:
US, Japan, Australia,
China