

УДК 339.5:339.923(4)

<https://doi.org/10.32342/3041-2153-2025-2-39-6>

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## THE EUROPEAN UNION'S TRADE POLICY AS AN INSTRUMENT OF ECONOMIC SECURITY<sup>1</sup>

This article explores the transformation of the European Union's trade policy in the context of mounting global economic and security challenges. In recent years, the EU has increasingly linked its external trade instruments with broader goals of economic security, industrial sovereignty, and geopolitical influence. The analysis focuses on how trade policy has evolved from a liberal, multilateral orientation towards a more strategic, defensive, and selective approach.

Special attention is paid to the development and implementation of trade regulatory instruments such as anti-dumping and anti-subsidy measures, investment screening, export controls on dual-use goods, and the newly introduced Anti-Coercion Instrument. These tools serve to protect strategic sectors—including critical technologies, clean energy, and advanced manufacturing—from unfair foreign practices and from overreliance on third-country suppliers.

The article further examines the EU's efforts to reduce critical dependencies by diversifying its trade and investment partnerships through free trade agreements (FTAs), strategic raw materials cooperation, and connectivity initiatives such as the Global Gateway. The notion of "open strategic autonomy" is analyzed as a conceptual framework that seeks to reconcile the EU's commitment to open markets with the need to protect vital interests and build resilience in the face of geo-economic disruptions.

The study highlights four priority areas of EU trade policy adaptation: expanding rules-based trade with like-minded countries, ensuring security of supply for essential goods and technologies, strengthening domestic and European value chains, and using trade instruments to promote sustainability and digital transformation. These priorities are contextualized within the broader debate on the EU's capacity to act as a geoeconomic power amid rising protectionism and strategic competition between major global actors.

Ultimately, the article argues that trade policy is becoming an essential pillar of the EU's economic security strategy. By embedding economic resilience, regulatory sovereignty, and political unity into its external trade framework, the EU aims to reinforce its global position while safeguarding internal cohesion in an increasingly unstable international environment.

**Keywords:** *European Union, economic security, trade policy, strategic autonomy, protection instruments, geo-economics, critical supply chains*

**JEL classification:** *F13, F51, F52, O24, P45*

<sup>1</sup> The article was prepared within the framework of the international project "Europe's Competitiveness in the New Global Economy" № 101176059 – EuCompet – ERASMUS-JMO-2024-HEI-TCH-RSCH



Co-funded by  
the European Union

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency. Neither the European Union nor the granting authority can be held responsible for them.

У статті досліджується трансформація торговельної політики Європейського Союзу в контексті зростаючих глобальних економічних та безпекових викликів. Останніми роками ЄС дедалі активніше поєднує свої зовнішньоторговельні інструменти з цілями економічної безпеки, промислового суверенітету та геополітичного впливу. Аналіз зосереджено на еволюції торговельної політики від ліберального та багатостороннього підходу до більш стратегічної, оборонної та селективної моделі.

Особлива увага приділяється впровадженню регуляторних торговельних інструментів, таких як антидемпінгові та антисубсидійні заходи, механізми контролю іноземних інвестицій, експортний контроль товарів подвійного призначення та новий Антипримусовий інструмент. Ці заходи спрямовані на захист стратегічних секторів – зокрема передових технологій, чистої енергетики та високотехнологічного виробництва – від недобросовісних зовнішньоекономічних практик і критичних залежностей від третіх країн.

У статті також проаналізовано зусилля ЄС із диверсифікації торговельних і інвестиційних партнерств за допомогою угод про вільну торгівлю (FTA), стратегічного співробітництва в сфері критичної сировини та інфраструктурних ініціатив, зокрема Global Gateway. Концепція «відкритої стратегічної автономії» розглядається як стратегічна рамка, що поєднує відкритість до глобальних ринків із прагненням забезпечити довгострокову економічну стійкість та захист базових інтересів ЄС.

Окреслено чотири пріоритетні напрями адаптації торговельної політики ЄС: розширення торговельної співпраці з країнами-партнерами, зміцнення внутрішніх і європейських ланцюгів доданої вартості, забезпечення безперебійного постачання критично важливих товарів і технологій, а також використання торгівлі як інструменту для просування сталого розвитку та цифрової трансформації. Ці напрями розглядаються в контексті здатності ЄС діяти як геоekonomічний актор на тлі зростаючого протекціонізму та стратегічної конкуренції між провідними державами світу.

У підсумку стверджується, що торговельна політика стає ключовим елементом економічної безпеки ЄС. Інтегруючи механізми стійкості, регуляторного суверенітету та політичної узгодженості, Європейський Союз прагне зміцнити свою глобальну позицію та забезпечити внутрішню стабільність в умовах зростаючої міжнародної нестабільності.

**Ключові слова:** *Європейський Союз, економічна безпека, торговельна політика, стратегічна автономія, інструменти захисту, геоekonomіка, критичні ланцюги поставок*

**JEL classification:** *F13, F51, F52, O24, P45*

**Introduction.** The post-2020 global environment has undergone a significant transformation characterized by rising geopolitical tensions, disruptions in global supply chains, and an increasing use of economic tools for strategic purposes. In this context, trade policy has become more than a means of fostering economic growth; it has emerged as a pillar of economic security. For the European Union (EU), these developments underscore the need to safeguard its strategic interests while maintaining an open and rules-based trading system.

The COVID-19 pandemic exposed the fragility of international supply chains, particularly in health, energy, and digital sectors. The war in Ukraine further accentuated Europe's dependence on critical imports, notably fossil fuels from Russia. Simultaneously, the global race for technological dominance, especially in semiconductors and green technologies, has intensified. These shifts have prompted the EU to reassess the security dimension of its external economic relations.

This article *aims* to analyze how the EU's trade policy is being reshaped to serve the broader goal of economic security. It focuses on strategic autonomy, regulatory instruments, trade diversification, and industrial resilience.

**Literature review.** Historically, the EU has been one of the most ardent supporters of multilateralism and liberal trade. Starting with the Industrial Revolution in England, free trade became the fundamental principle of foreign economic policy. EU played a central role in the development of the World Trade Organization (WTO) and concluded numerous free trade agreements with countries and regions around the world. However, recent crises have revealed the risks associated with over-dependence on global supply chains, especially those linked to geopolitical rivals or unstable regions.

The key ideas of European autonomy were expressed by Jean Monnet back in 1950. It was about autonomy in both the economic and defense spheres. However, during the Cold War, when the main confrontation was between the USA and the USSR, Europe was actually «in the shadow» of the United States, used its security «umbrella» and quite natively demonstrated autonomy.

An active rethinking of the situation began during the first term of Donald Trump as President of the USA [1, 2]. This was reflected both in scientific research and in political decisions. Scientists, first of all, paid attention to the achievement of energy autonomy by Europe. This was reflected in discussions about the role of Nord Stream 2 in ensuring European energy security [3]. As the following story has shown, the construction of this gas pipeline only increased Europe's dependence on Russian gas.

The European Trade Union Institute has conducted a number of studies on the nature of European open autonomy, its political, economic, social and transformational aspects [4]. Digital and «green» autonomy are also being specifically investigated. The author concludes that strategic autonomy is the launch of a new paradigm for the European Union. However, he emphasizes: «Given the huge challenge of changing its underlying model to bring its policies into line with these ambitions, the EU will need to tackle the numerous forms of inertia and resistance that it faces» [5, p.5].

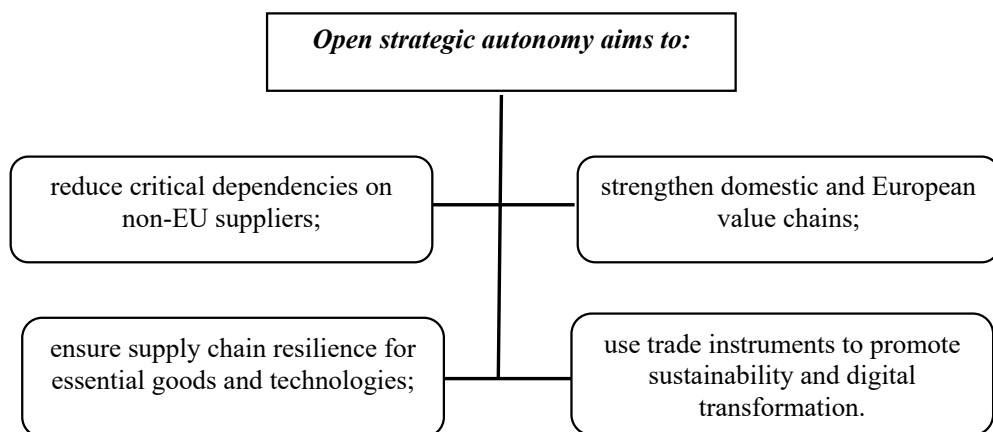
Many authors associate the growing strategic autonomy with a reaction to the spread of protectionism in the world economy. This process has especially accelerated during the pandemic. Therefore, in the opinion of ERA Rorum: «The pandemic has also illustrated the necessity and risk of global interdependence, as well as the need for trusted partners and good neighbours. Put simply: to cope in an emergency, the nations of Europe have experienced the need to act as a team, put their differences aside, and assume collective responsibility for a most urgent priority. And with responsibility comes the need to be in control – to be autonomous, as a group of like-minded nations, in a strategic sense» [6].

The issue of strategic autonomy began to be discussed especially actively after the beginning of Russian aggression against Ukraine. The decisions of the European Union in the field of security and defense, which were adopted earlier, have now acquired a new meaning. The role of previously created structures has changed. There has also been a need for institutional development of this autonomy [7, 8].

Modern researchers link strategic autonomy with the achievement of the objectives of the European Green Deal (EGD). Achieving climate neutrality and a competitive economy is possible when Europe has standards and requirements that meet its goals. However, achieving the desired level of self-sufficiency, as well as compliance by foreign investors and foreign suppliers of products to European markets, creates a number of problems that require institutional solutions [9].

**Research results.** Since the beginning of the 2020s, the idea of open strategic autonomy for Europe has appeared in the EU's official documents. In 2021, the European Commission introduced the concept of open strategic autonomy in its Communication on Trade Policy Review [10]. This framework does not imply protectionism or economic decoupling; rather, it emphasizes the ability of the EU to act autonomously when necessary, while remaining open to international cooperation. The policy combines values-based trade with assertiveness in defending the EU's interests.

Summarizing official EU documents and scientific research in this area, we can identify four main goals of open strategic autonomy (Fig. 1).



**Fig. 1. Goals of open strategic autonomy**

Reducing critical dependencies on external suppliers is a priority in EU policy after global crises demonstrated the vulnerability of the European economy. This is especially true for energy (dependence on Russian gas and oil), raw materials (rare earth elements from China), pharmaceuticals and microelectronics. Excessive concentration of imports from one or more sources creates risks of supply disruptions, geopolitical blackmail, price instability. In response, the EU initiated programs to localize production, enter into strategic partnerships, and review trade dependencies. This approach is designed not to close markets, but to ensure resilience to external shocks and protect strategic sovereignty. For a long time, the most developed countries in Europe moved their production to countries with cheap raw materials and labor. As a result, Europe became too deindustrialized, with a low share of industry in GDP creation. However, reindustrialization through the relocation of production cannot happen quickly enough, as it is fraught with a number of problems (economic, environmental, social, personnel, etc.).

Strengthening domestic and pan-European value chains is critical for increasing the economic autonomy and competitiveness of the EU. This can be addressed through processes such as near-shoring and friendly-shoring. If production moved outside the country cannot be returned to the country of origin, it is transferred to neighboring and friendly countries. And in this regard, Ukraine is a very promising area for near-shoring European production.

Following the COVID-19 pandemic and the outbreak of a full-scale war in Ukraine, the EU has faced challenges in the functioning of global supply chains. Disruptions in the delivery of medical supplies, fertilizers, semiconductors, and food have highlighted the critical importance of stable, transparent, and predictable supplies. Supply resilience means having alternative routes, diversifying suppliers, reducing bottlenecks, and developing warehouses and safety stocks. Ensuring such resilience requires investment in infrastructure, digitalizing logistics, and working with reliable partners. This helps avoid industrial paralysis and minimize social consequences in the event of global shocks.

Open strategic autonomy involves not only protection, but also the active use of foreign trade as a tool for promoting EU values – sustainable development, climate neutrality, digital inclusion. In particular, the EU is implementing the Carbon Border Adjustment Mechanism (CBAM) as part of the Green Deal, stimulating the export of environmental standards through free trade agreements, and investing in digital infrastructure within the Global Gateway. Such tools allow for the formation of a favorable global environment where European companies can compete on the basis of innovation, rather than lowering social and environmental standards. This also reduces the risks of “regulatory dumping” by third countries.

To implement this new strategic vision, the EU has developed and activated a range of trade instruments that directly contribute to its economic security.

First of all, the European Union actively applies anti-dumping and anti-subsidy measures to protect domestic production from unfair competition, which is especially relevant for strategic sectors - steel, chemical industry, renewable energy sources. Anti-dumping measures apply both to producers from EU countries (in particular, through control over state subsidies that may be provided to certain producers), and to producers from third countries.

In recent years, the EU has been actively applying trade defence instruments. According to the 42nd annual report of the Commission, published on 24 September 2024, at the end of 2023, 182 trade defence measures were in force; of which 120 were anti-dumping [11]. Similar figures are characteristic of previous years. This indicates significant activity of the EU in the field of protection of domestic production.

The sectoral analysis also shows that supporting renewable energy producers allows the EU to protect domestic innovations from mass import competition aimed at reducing production costs through state support in exporting countries. This helps to preserve technological advantage and jobs, which are of such important social and strategic nature.

Export control of dual-use goods is a critical element of the EU’s security strategy. There are product groups that can be used for both civilian and military purposes - microelectronics, cryptographic equipment, complex materials. According to a report by the European Commission published on January 30,

2025. “ comparison with the last two reports by the European Commission clearly demonstrates the increased importance of dual-use items for European foreign trade. While the total value of authorized exports (including under EU and national general export authorizations) amounted to EUR 31 billion in 2019 and 2020, it increased to EUR 57.3 billion in 2022, representing 2% of extra-EU exports [12].

In addition, the regulations are supported by legal and regulatory provisions, including humanitarian aspects (e.g. avoiding human rights violations through arms supplies). This balance of humanitarian and defense norms is emphasized by Finnemore and Sikkink in norms theory; the application of the Dual-Use Regulation demonstrates how states can combine regulatory and constitutive norms depending on the context. Export control thus becomes not only a procedural technique but also a strategic tool for deterring undesirable military developments in third countries [13].

The FDI Screening Regulation (2019/452) aims to protect the EU economy from strategic investments that could harm national security [14]. Talisha Schilder points out that the growth of investment from China has prompted the EU to apply the existential threat mechanism, in particular in defense, technology, infrastructure [15]. An article in the *Journal of World Investment & Trade* emphasizes that the protection of critical infrastructure, technology and the provision of advisory opinions to the Commission ensure coordination and prevent excessive openness [16]. The FDI regulation is not just a formality, but a forge of the EU’s strategic resilience, allowing to separate safe investments from those that threaten security and to coordinate the actions of member states.

The most important institutional tool for protecting the EU economy is the Anti-Coercion Instrument (ACI, 2023). This is a European Union regulation that entered into force on 27 December 2023. It aims to protect the European Union and its Member States from economic coercion by third countries [17]. ERA Forum (2024) explains that the instrument arose against the backdrop of the EC’s geopolitical turn towards a “geopolitical commission” and the desire to “unify external and internal policies” [18]. The ACI provides legal mechanisms for a rapid and coordinated response to coercive economic pressure, which is a new element of strategic autonomy.

The EU’s sanctions policy is a classic tool of geo-economic pressure. After the Russian Federation’s full-scale invasion of Ukraine, sanctions became the most extensive in the history of the European Union. Luigi Lonardo & Viktor Szép emphasize that sanctions are not just a reactive tool, but part of the architecture of strategic autonomy. The “Blocking Statute” and the instruments of counter-pressure (Anti-Coercion) are integral components of the policy aimed at protecting the EU’s independence [19]. Analysts emphasize that sanctions against Russia have become a “historical precedent” for the use of geo-economic power. Thanks to this practice, the EU demonstrates its ability to protect itself through economic pressure — strengthening its strategic autonomy [20]. At the same time, the development of sanctions mechanisms plays another important role in the life of the EU. The Union is constantly faced with the problem of blocking decisions by individual countries. Therefore, in fact, a special system of decision-making and finding compromises in the conditions of consensus management is being formed [21].

One of the core tenets of the EU’s new trade-security nexus is reducing dependency on a limited number of trading partners. The bloc has launched a proactive agenda to diversify trade relations and reduce vulnerability in key sectors.

To this end, the European Union is actively accelerating the process of concluding free trade agreements (FTAs) with like-minded countries, with the aim of strengthening its strategic autonomy (Table 1). The agreements with Japan (2019) and Vietnam (2020) have not only opened markets, but also set high standards in the areas of ecology, the digital economy and human rights, which is in line with the goal of building an “open strategic autonomy”. The EPA with Japan covers 30% of world GDP and 40% of trade, which contributes to the EU’s significant economic influence and to reducing dependence on third countries [22].

Table 1

**Selected Free Trade Agreements Signed by the EU (2015–2024)**

Partner Country/Region	Year of Entry into Force	Strategic Importance
Japan	1 February 2019	Technology, standards alignment
Vietnam	1 August 2020	ASEAN diversification
Singapore	21 November 2019	Services, digital economy
Canada (CETA)	Provisional application since 21 September 2017	Political alliance, critical minerals
Mercosur	Political agreement reached on 28 June 2019; updated on 6 December 2024	Agriculture, energy

Source: [23, 24].

In addition, the expansion of FTAs creates a network of alternative supplies and investments, increasing resilience to trade shocks and instruments of coercion. Currently, active preparations are underway for agreements with Mercosur, India, and Australia, which will potentially strengthen key sectors (agriculture, digital technologies, critical infrastructure), confirming the link between trade strategy and security.

In order to ensure “open strategic autonomy”, the EU is building strategic partnerships to guarantee access to critical raw materials – essential for the green and digital transition. The agreement with Canada and the roadmap with the Democratic Republic of Congo (2024) cover the entire value chain – from extraction to processing and disposal. Such agreements contribute to the diversification of sources and the reduction of dependence on China (raw materials week section), and also include environmental and social conditions (sustainable sourcing). The European strategy provides not only for imports, but also for the support of local projects, the creation of Team Europe partnerships, which helps to develop European capacities, ensures quality control, aims to reduce political dependencies, and prevents the monopolization of markets in third countries.

An important component of the European strategy to strengthen competitiveness and ensure economic security is the Global Gateway initiative, presented in 2021. It mobilizes up to €300 billion in investments in the period

2021–2027 for strategic infrastructure projects: digital networks, energy, transport, health, education, research [25]. Unlike the Chinese BRI, the Global Gateway is based on European values of transparency, rule of law, environmental and social standards [26].

The focus on Africa, Asia, Latin America is aimed at increasing the diversification of global chains - to reduce dependence and vulnerability. The Team Europe principles ensure coordination of EU/EBRD/EIB/national funds, forming a balanced investment ecosystem. It is an instrument of strategic autonomy that allows the EU to set regulatory, economic and infrastructure rules, strengthening its own economic influence and geopolitical capacity.

Table 2 demonstrates key focus areas of the Global Gateway Initiative.

Table 2

### Key Focus Areas of the Global Gateway Initiative

Sector	Investment Focus	Geographic Focus
Digital	Broadband, data infrastructure	Africa, Indo-Pacific
Energy	Renewable energy, green hydrogen	Africa, Neighborhood
Transport	Rail, port infrastructure	Central Asia, Balkans
Health	Pharmaceutical production	Africa
Education	Skills development, digital inclusion	Latin America

Source: [26]

Trade policy is increasingly aligned with EU industrial policy to ensure that internal production capacities are strengthened in sectors of strategic relevance. Among the EU initiatives in this area, the following are worth highlighting:

- **EU Chips Act** proposed in 2022. It seeks to boost Europe's share of global semiconductor production to 20% by 2030. It allocates funding for R&D, pilot lines, and manufacturing plants in microelectronics [27].

- **Critical Raw Materials Act**. This initiative aims to reduce the EU's reliance on imports of rare earths and other key materials by promoting domestic extraction, recycling, and circular economy models [28].

- **Strategic Alliances and Innovation Networks**. The EU has supported industry alliances in batteries, hydrogen, cloud technologies, and AI. These platforms bring together industry, academia, and policymakers to coordinate investment and innovation in critical sectors [29].

Despite notable progress in operationalizing its open strategic autonomy agenda, the European Union continues to face a series of complex challenges in implementing a security-oriented trade policy. One of the core issues is the persistent fragmentation among Member States, which diverge significantly in their threat perceptions, economic priorities, and levels of dependency on third-country suppliers. This divergence complicates the formulation of a unified external trade stance, especially in sectors deemed critical for economic security.

Furthermore, the legal coherence of the EU's trade defense instruments and industrial strategies with World Trade Organization (WTO) rules has been increasingly questioned. Measures such as local content requirements, foreign subsidies control, or export restrictions may be challenged as violations of the

principles of non-discrimination and fair competition. Such tensions raise doubts about the long-term legal sustainability of the EU's strategic trade agenda.

At the international level, the EU's initiatives risk being perceived as protectionist or disproportionately favoring domestic industry, which could lead to political backlash, retaliatory actions, or the erosion of trust with key trade partners. This is particularly sensitive in relations with emerging economies that may view the EU's industrial policies as a form of economic unilateralism.

Lastly, there are serious resource constraints. Mobilising sufficient public and private investment to support large-scale infrastructure, green transition, or semiconductor production requires a long-term financial commitment that may exceed current capacities under existing budgetary frameworks.

To address these challenges, the EU must strike a careful balance between openness and strategic autonomy. This will involve clarifying the criteria for identifying critical dependencies, enhancing coordination between EU institutions and Member States, and strengthening strategic partnerships—particularly with the United States and Indo-Pacific democracies—to uphold shared standards in trade, technology, and security.

**Conclusions.** The evolution of the European Union's trade policy reflects a broader strategic shift in which economic instruments are now mobilized to serve security objectives. The development of open strategic autonomy marks a pragmatic approach that allows the EU to remain globally engaged while protecting its vital interests. By deploying a combination of trade defense tools, regulatory mechanisms, strategic partnerships, and industrial investments, the EU is progressively building a more resilient and secure economic base. This transformation underscores the growing convergence of trade and security in the twenty-first century.

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## THE EUROPEAN UNION'S TRADE POLICY AS AN INSTRUMENT OF ECONOMIC SECURITY

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<https://doi.org/10.32342/3041-2153-2025-2-39-6>

**Keywords:** *European Union, economic security, trade policy, strategic autonomy, protection instruments, geo-economics, critical supply chains*

**JEL classification:** *F13, F51, F52, O24, P45*

This article explores the transformation of the European Union's trade policy in the context of mounting global economic and security challenges. In recent years, the EU has increasingly linked its external trade instruments with broader goals of economic security, industrial sovereignty, and geopolitical influence. The analysis focuses on how trade policy has evolved from a liberal, multilateral orientation towards a more strategic, defensive, and selective approach.

Special attention is paid to the development and implementation of trade regulatory instruments such as anti-dumping and anti-subsidy measures, investment screening, export controls on dual-use goods, and the newly introduced Anti-Coercion Instrument. These tools serve to protect strategic sectors—including critical technologies, clean energy, and advanced manufacturing—from unfair foreign practices and from overreliance on third-country suppliers.

The article further examines the EU's efforts to reduce critical dependencies by diversifying its trade and investment partnerships through free trade agreements (FTAs), strategic raw materials cooperation, and connectivity initiatives such as the Global Gateway. The notion of "open strategic autonomy" is analyzed as a conceptual framework that seeks to reconcile the EU's commitment to open markets with the need to protect vital interests and build resilience in the face of geo-economic disruptions.

The study highlights four priority areas of EU trade policy adaptation: expanding rules-based trade with like-minded countries, ensuring security of supply for essential goods and technologies, strengthening domestic and European value chains, and using trade instruments to promote sustainability and digital transformation. These priorities are contextualized within the broader debate on the EU's capacity to act as a geoeconomic power amid rising protectionism and strategic competition between major global actors.

Ultimately, the article argues that trade policy is becoming an essential pillar of the EU's economic security strategy. By embedding economic resilience, regulatory sovereignty, and political unity into its external trade framework, the EU aims to reinforce its global position while safeguarding internal cohesion in an increasingly unstable international environment.

*Дата надходження до редакції / Submitted: 25.04.2025*

*Дата прийняття до публікації / Accepted: 27.08.2025*

*Дата публікації / Published: 03.11.2025*