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THE EUROPEAN UNION'S ECONOMIC POLICY EVOLUTION: BALANCING TRADE, INVESTMENT, AND GEOPOLITICAL INTERESTS

Abstract

- *Goal* – the article aims to analyse the European Union's economic policies and strategies in response to contemporary global challenges. It focuses on how the EU is evolving its trade agreements, instruments, and sanctions mechanisms to enhance economic security, sustainability, and competitiveness in an increasingly volatile geopolitical landscape.
- *Research methodology* – the research employs a qualitative analysis of policy documents, official reports, and recent developments in EU economic strategy. It synthesises theoretical perspectives on trade and investment policy while contextualising the EU's actions within global economic trends, including protectionism and geopolitical tensions.
- *Score/results* – the findings indicate that the EU is transitioning from bilateral to multilateral agreements, emphasising collective interests over individual member states. The establishment of monitoring mechanisms for foreign direct investments and the introduction of non-trade measures, such as carbon border taxes, illustrate the EU's commitment to safeguarding its internal market. Moreover, the article highlights the EU's strategic response to external pressures, showcasing its adaptability in creating institutional frameworks that enhance selective participation in globalisation.

- *Originality/value* – this article contributes to the discourse on the EU's economic strategy by illustrating its unique approach to addressing global challenges through a blend of protective and proactive measures. It highlights the interconnectedness of trade and investment policies and underscores the EU's aspiration for strategic autonomy in the global economy, making it a valuable resource for policymakers and scholars interested in international relations and economic governance.

Keywords: European Union, economic strategy, trade policy, investment instruments, strategic autonomy, geoeconomic challenges.

1. Introduction

The modern global economy is characterised by a significant restructuring of familiar principles and patterns of relations between states, as well as a profound transformation of the global economic hierarchy. If we apply the terminology of political science to the global economic system, we can speak of a peculiar chaotisation of processes that should lead to the creation of a new economic configuration of the world. Overall, this framing of the issue reflects a trend toward strengthening the connection between global political and economic narratives, characterized by the return of global political economy as an explanatory paradigm of world development.

The complexity of international interactions, increasing conflict, rising economic interdependence, intensified digitalisation, and rapid technological advancement contribute to the vulnerability of national economies, including their exposure to external influences, which many national governments perceive as significant threats. This, in turn, prompts key players to impose certain trade and other restrictions in the name of national economic security, often relegating considerations of economic rationality to a secondary role, reflecting the overall securitisation of global economic interaction policies. The most striking manifestations of this trend have been the trade wars between the United States and China, as well as the palpable "decoupling" in trade relations between the EU and Russia.

In this context, a scientific interest lies in studying the tactics and strategies of leading power centers as they adapt to changing environmental conditions and their vision of their future place and role within the transforming economic order. One of the most intriguing subjects for examination is the European Union (EU), which for a long time has combined the benefits of liberal economic globalisation with certain protective components in areas where the EU's capabilities were limited, resorting to a form of "managed globalisation". Setting aside discussions about the EU's subjectivity, this article proposes to analyse changes in the EU's external economic (self) positioning through the lens of the concept of open strategic autonomy (OSA). This approach will enable the identification of potential actions by the EU in key global markets, where competition is clearly expected to intensify, as well as the limitations imposed by the characteristics of the EU's integration structure on the implementation of its strategy.

2. Reimagining the evolving role of the EU in the global economy

The most significant context in which the transformation of the European Union's policy regarding its participation in globalisation processes occurs is the gradual but nonetheless steady decline in its weight in the global economy and a reduction in competitiveness in a number of key industrial positions and technologies. Some authors even speak of the geopolitical decline of the European Union. Overall, this situation aligns with the broader trend of a power shift in the world and a diminishing influence of developed countries, which has largely stimulated the discussion about the need for leading countries to reassess their relationship with globalisation [Sjöholm, 2024]. In essence, it is from this logic that the widely discussed report by M. Draghi for the new composition of the European Commission for 2024–2029 emerges, suggesting more active measures to maintain and enhance the EU's competitiveness.

This political and economic premise is likely key to the gradual reconfiguration of the EU's participation in globalisation towards a somewhat greater protection against its modern manifestations and for the adjustment of certain external economic tools.

Given the rising tensions in the world, as well as a series of crises, many of which have had an acute and exogenous nature for the European Union, the research community within the Union observes a drive towards a "geo-economic awakening" of the EU [Ribeiro, 2023]. This awakening is necessary in the context of disruptions to the functioning of global value chains, the EU's critical dependence on a number of key goods and suppliers, geopolitical instability, and the desire to maintain its place in the world. A central element of this "awakening" is the ambition to transform the EU's leading role in the global economy into its geopolitical weight [Fabry, 2022]. In addition, objectives are being proclaimed to address external economic imbalances, protect against economic coercion, achieve a connection between external economic strategy and EU values and sustainable development, and safeguard critical assets and supply chains [Gehrke, 2022]. Overall, many researchers view the current actions of the EU as part of a "single paradigm" reflecting this very "geo-economic awakening" [Olsen, 2022].

It can be assumed that the EU's policy itself, in a certain sense, reflects these discussions within the research community, as the decision-making system in the EU is largely technocratic and relies heavily on the expert environment in shaping its policies [Gornitzka, 2010]. This is precisely why the current course of the EU appears virtually inevitable.

It seems that the logic of transforming the EU's external economic policy should be considered in a somewhat "realist" context, as well as in the spirit of traditional concepts of structural power and power transit in political economy, which aligns well with the current specificity in contemporary European studies. At least in the steps being taken by EU institutions, there is a clear intention to influence global developments through the EU's status as a trading power [Meunier, 2011] and as a regulatory power [Lavenex, 2021]. Indeed, as one of the leaders in global trade in goods and services, as well as capital flows, the EU is likely to employ these very tools to exert influence on its counterparts. It is also reasonable to expect attempts to use access to the Union's internal market as a competitive tool by third countries. Additionally, it is worth mentioning the EU's aspiration to extend its own standards, norms, practices, and "understandings" to its partners.

In the context of weakening traditional competitive advantages and factors of economic development within the EU, this approach appears logical and largely unavoidable (primarily referring to the slowdown of economic globalisation, which is reducing the intensity of major economic flows, the cessation of cheap energy supplies, and the exhaustion of opportunities in low- and medium-tech industries that significantly shape the face of EU industry [Guerrieri, 2024]. If we perceive the changing landscape of globalisation as a kind of exogenous crisis, an external shock for the EU that must inevitably transform the Union's behavior, we can expect it to respond with the same "crisis management" tactics it has employed during all previous crises: leveraging its strengths in combating crises and creating crisis management structures in areas where its capabilities are limited. It seems that the EU's attempts to present and implement the concept of open strategic autonomy should be viewed precisely through this lens.

At the core of modern economic planning and programming in the EU, there is the concept of open strategic autonomy, which serves as the EU's response to the changing global order [Miró, 2022]. According to the definition provided by the European Commission, it refers to "the ability of the EU to make its own choices and to shape the world through leadership and engagement that reflect its strategic interests and values". The discussion surrounding strategic autonomy is intrinsically linked to the evolution of the EU's (and its member states) relationship with the notion of "sovereignty" [Dupré, 2022]. The emergence and development of this concept are particularly intriguing, as the idea of autonomy originally arose in the context of the Union's defense and security, later shifting to economic issues in the wake of the COVID-19 crisis and the subsequent disruption of supply chains. In this context, the term "open" signifies that the EU must maximize the use of its extensive network of trade agreements to address strategic challenges, including reducing dependence on critically important suppliers. Essentially, this involves extending security principles not only to traditional defense issues but also to the economic sphere, leading to the securitisation of the Union's economic policy.

It can be noted that the scope of the Open Strategic Autonomy is quite broad, ranging from trade policy (including its investment component) to finance. In its trade policy, the EU proclaims objectives such as reforming the WTO; supporting the green transition and developing sustainable value chains; promoting the digital transition and trade in services; increasing the EU's regulatory influence; deepening global partnerships with neighboring countries, future enlargements, and Africa; and focusing on concluding trade agreements. In the financial sector, the objectives include enhancing the global role of the euro; creating a strong, competitive, and resilient financial sector that supports the functioning of the real economy and reduces dependence on financial instruments and infrastructure from third countries; ensuring the protection and strengthening of the resilience of financial market infrastructure; developing an effective sanctions governance mechanism; and collaborating with partners.

A significant element of the OSA concept is the revival of the discourse on the EU's industrial policy. It should be noted that researchers have long aimed to link the EU's foreign economic policy with the overall competitiveness of the European Union [Gustyn, 2017]. To a large extent, the OSA serves as this connecting link, as a more active industrial policy is expected to enhance the resilience of the Union.

It is possible that the necessity of maintaining the EU's competitiveness as a prerequisite for implementing the concept is even more important than the traditional reasons cited in the official EU documents. The most frequently mentioned include disruptions in energy supplies from Russia and China's restrictive measures against Lithuania. However, the tasks of OSA were set in 2021 (i.e., before the active development of yet another wave of the energy crisis in the EU). Thus, it seems that the desire to preserve its competitive advantages and, in some cases, to shield itself from competition with third countries underlies the adjustment of the main foreign economic tools of the EU.

Can OSA be perceived as a conceptual phenomenon capable of restructuring and transforming the EU's integration framework (similar to how some authors suggest considering the "Green Deal"), but in the realm of foreign economic policy? The answer to this question will be multifaceted. Firstly, the OSAs cannot fulfill all the set tasks due to their extreme ambition. Secondly, if we accept that the key problem for the EU is its "critical dependencies", then the OSAs should have very limited manifestations in implementation matters, since various estimates suggest that "critical dependencies" account for less than 10% of the EU's trade. Thirdly, the limitations and characteristics of the EU's integration structure prevent the implementation of all declared issues at the supranational level. Of all areas only trade policy (and the movement of foreign direct investment) falls under the exclusive competence of the EU. Neither portfolio and other investments nor financial matters (except for monetary policy in the euro area) can be regulated solely at the EU level.

And yet, the OSA represents a rather ambitious and wide-ranging economic strategy. It is likely that it can and should be perceived as the European Union constructing its foreign policy and, to a significant extent, its foreign economic identity (with all the limitations of applying this concept to the EU). By adopting a large number of strategic documents in this area, the EU seems to be painting a picture of its foreign economic strategy and how it would like to be perceived both internally and by third countries.

An indirect confirmation of this thesis is the peculiar securitisation of special Eurobarometer surveys. Unlike the 2019 survey on trade policy, the latest 2024 survey includes a section on economic security. Moreover, there is a noted increase in "protectionist" sentiments: according to 61% of respondents, the EU should impose higher import duties [European Commission, 2024] (up from 56% in 2019 [European Commission, 2019]. It is interesting to see the addition of a section dedicated to investments, reflecting the trend towards a closer connection between trade and investment policies in the EU. This section also reveals a clear component of securitisation, as evidenced by the differing responses of respondents to questions about attracting foreign investments and the acquisition of national businesses by foreigners.

Overall, the entire set of questions and areas encompassed by the OSA aligns with the logic outlined in the new EU Economic Security Strategy, which combines three pillars (in true EU spirit):

- promoting the competitiveness and growth of the EU, strengthening the single market, supporting a strong and resilient economy, as well as enhancing the scientific, technological, and industrial base of the EU;
- protecting the economic security of the EU through a range of policy measures and tools, including targeted new instruments where necessary;
- partnership and further strengthening of cooperation with countries around the world that share the EU's concerns and with which the EU has common interests in economic security.

3. Directions of change in the key components of the EU's foreign economic policy

The emergence of new articulated goals for the EU in the area of economic autonomy is linked to changes in the main directions of the EU's activities. Firstly, there is a noticeable intertwining of the main areas of the EU's activities concerning the concept of open strategic autonomy. Provisions from individual areas and sectors penetrate into neighboring fields: issues of sanctions, trade in goods and services, investment movements, the conclusion of trade and investment agreements, economic, financial, and even hard security are interconnected and mutually intertwined. Secondly, in the process of implementing the sanctions course of the "geopolitical commission", the institutional role of the European Commission itself has significantly increased, while the presence of member states in the initiation and adoption of sanctions has noticeably diminished [Portela, 2023]. Thirdly, within the Commission itself, a transformation is gradually taking place aimed at aligning more explicitly with the goals of open strategic autonomy [Couvreuer, 2024]. Overall, this reflects a trend towards reactivating the EU as a supranational institution through crises.

Finally, the implementation of the provisions of OSA is already leading to a significant transformation of the Union's foreign economic instruments. The main logic behind this transformation is an attempt to combine traditional principles of the EU's foreign economic policy with issues of economic security.

Additionally, there is a desire to support the overall competitiveness of the European Union, which means that the new crisis response framework for foreign economic policy will emerge as a new variant of combining the objectives of foreign economic policy with the industrial competitiveness of the EU [Guerrieri, 2024].

It is also worth noting that, considering the task of maintaining the EU's global position, certain areas of activity that are not directly related to foreign economic activity are undergoing some revision (or rather adaptation). This aligns with the tasks facing the Union: systemic changes require a systematic response. As a result, both external aspects of economic transformation and internal elements of the economic system are being reassessed [Miró, 2022]. For instance, many traditional elements of integration (primarily in the financial sector), which have posed challenges to deepening economic coordination, are being linked to tasks related to OSA, and the necessity for their further reform is somewhat justified by the overall competitiveness of the Union (i.e., there is also a peculiar securitisation process taking place). Thus, a certain strengthening of the supranational component in the EU's financial sector, which objectively emerged after the financial and debt crisis, should gain new momentum within the framework of open strategic autonomy.

4. Expansive interpretation of new elements in the EU's foreign economic policy

In recent years, the European Union has significantly strengthened its foreign economic policy by introducing new tools and approaches that reflect changing global realities and internal challenges. These measures include the expansion of trade and quasi-trade instruments, the establishment of crisis mechanisms in the area of economic security, and the reform of the global trading regime to enhance the competitiveness and resilience of the bloc. The improvement of investment instruments, the activation of currency policy to strengthen the role of the euro, and the development of financial policy aimed at creating a reliable and integrated financial system have been important aspects of this policy. All these directions demonstrate an expansive interpretation of new elements in the EU's foreign economic policy, aimed at protecting the interests of its member states and strengthening their positions on the global stage [Fleychuk, 2019].

1. New trade and quasi-trade instruments in the EU's strategy are aimed at adapting to global challenges and enhancing competitiveness in the context of increasing competition from third countries. To protect against "non-market" competition, which the EU observes from certain companies in third countries, especially those receiving state support, a regulation system for foreign subsidies has been introduced. This allows the EU to analyse and block subsidised foreign companies that contradict the interests of European businesses. One of the examples of this is the imposition of higher tariffs on imported electric vehicles from China, which helps mitigate the risk of "subsidy" competition and protects European manufacturers from dumping.

To minimise the dependence on countries that represent a significant share of EU trade, tools to protect against economic coercion are being developed. The EU can impose countermeasures if partner countries threaten the interests of the bloc. These measures include import tariffs, restrictions on access to the EU market, particularly in the areas of investment, trade in services, public procurement, and intellectual property. For instance, in the case of Lithuania, which suffered from trade restrictions imposed by China, the mechanism of state aid was activated to compensate for the damage from external pressure and protect national interests.

Another goal of the EU within the framework of trade and quasi-trade instruments is to maintain industrial competitiveness in light of global changes in several key sectors. To achieve this, export restrictions have been introduced, especially on dual-use goods that can be used for both civilian and military purposes. For example, in 2023, the EU limited the export of equipment for microchip production to the Netherlands in order to maintain control over advanced technologies. Commercial transactions are also being monitored, and recommendations are being created for companies engaged in research and development (R&D) to protect European technologies from leakage.

The EU also aims to extend its standards globally to create a more resilient and secure trading environment. In this direction, a new standardisation strategy is being implemented, designed to harmonise EU norms with international standards and ensure their adoption by third countries, thereby strengthening the global competitiveness of the European market.

Maintaining competitiveness in the context of the energy transition is an important aspect of the EU's trade policy. One of the key tools in this area has been the cross-border carbon tax. This tax compensates European companies for their costs associated with meeting environmental standards when products from third countries do not meet such standards. The introduction of the carbon tax helps to level the playing field for local producers, who bear additional costs under the "Green course", and foreign companies that offer cheaper but less environmentally friendly products.

2. Trade agreements play a key role in the EU's strategy aimed at diversifying trade relations and protecting the bloc's interests in global markets. To reduce critical dependence on a limited number of suppliers, especially in areas requiring access to critical resources, the EU is expanding its network of preferential trade agreements. Under the "Global Gateway" strategy, the EU is developing initiatives to attract new partners and to strengthen relationships with existing ones, creating infrastructure and deepening economic cooperation. This helps mitigate risks associated with dependence on one or a few suppliers and ensures the sustainable development of the European economy.

To protect against unfair competition in external markets, the EU is also actively implementing Most Favored Nation (MFN) principles in its trade agreements. This ensures a level playing field for European companies, reducing the threat of discrimination and providing them with access to favorable trade terms in various partner countries. This approach strengthens the legal protection of EU companies in international markets, especially in countries with which the EU has mutual commitments under trade agreements.

One of the strategic objectives of the EU is the global dissemination of its standards and regulations. The EU seeks to integrate "essential conditions" into its trade agreements, fostering a unified approach to critical issues such as human rights, the rule of law, and norms related to sustainable development and the "green transition". New provisions include commitments to adhere to labor rights and environmental standards outlined in the Paris Climate Agreement. The EU is working on a mechanism that would allow for the exclusion of partners from the preferential regime in the event of non-compliance with these conditions. The possibility of imposing sanctions for violations of key sustainable development provisions, particularly concerning labor rights endorsed by the International Labour Organisation and climate commitments, is also being considered.

Additionally, the EU is discussing the introduction of a "climate conditionality" mechanism in trade agreements, requiring partners to meet minimum environmental standards. This mechanism would not only reduce the environmental footprint of trade but also support the EU's efforts to achieve climate goals by creating an incentive for partners to adapt their production to the EU's "green" standards.

3. EU investment instruments play a crucial role in harmonising the internal market and deepening integration among member states, especially in the context of protection against external threats and enhancing competitiveness. One of the main tasks is to transition from bilateral investment agreements, which have been concluded at the level of individual member states, to multilateral agreements that represent the interests of the entire EU. This transition requires resolving contradictions between national agreements and developing a unified approach that simplifies and standardizes rules for investors, increasing the predictability of business conditions within the EU.

An important aspect of investment policy regards the protection against foreign interference in key assets and interests of EU countries. To this end, a mechanism for monitoring and screening foreign direct investments has been developed, allowing for the assessment of potential risks and the prevention of acquisitions of strategically important enterprises and technologies by third countries. This mechanism is particularly relevant in light of increasing geopolitical tensions and threats associated with possible foreign control over critical sectors of the economy, such as energy, defense, and technology.

The dissemination of EU norms and standards is also a priority in investment policy. Agreements on "green investments" are becoming an important tool for promoting environmentally friendly technologies and compliance with the "Green course" norms. The first agreement in this area was signed with Angola in 2024, and it stipulates that adherence to environmental standards will be rewarded with investments. This approach not only contributes to environmental protection but also fosters the development of new technologies and the creation of jobs in partner countries, aligning with the EU's sustainable development goals.

EU investment instruments are aimed not only at protecting the internal market from external threats but also at creating conditions for sustainable economic growth and environmental health, supporting cooperation and mutually beneficial relationships with other countries. In this regard, the EU strives to ensure that investments contribute not only to economic development but also to high standards of social responsibility and environmental protection.

4. Reforming the global trading regime is a significant priority for the EU, which seeks to restore the functionality of the World Trade Organisation (WTO) and adapt it to the modern challenges of the global economy. In the context of increasing criticism and uncertainty surrounding the WTO's operations, the

EU advocates for deep reforms to enable the organisation to effectively address new realities such as trade wars, geopolitical tensions, and changes in global supply chains.

One of the central issues in this process is the restoration of the WTO's Appellate Body, which previously played a key role in resolving trade disputes between states. The EU proposes solutions aimed at resolving the contradictions that have arisen regarding the functioning of this body, including reforms to its structure and rules. This reform is essential to enhance member countries' trust in the system and to ensure compliance with international trade norms.

Additionally, the EU is actively working to enhance cooperation with individual partners within the WTO framework. This includes creating a multilateral temporary agreement on appeal and arbitration issues, which will facilitate dispute resolution and reduce the risks of unfair trading practices. Such an approach also helps to strengthen the EU's position on the international stage by promoting its interests and standards within the global trading regime.

The necessity to adapt the existing WTO rules to contemporary conditions, including the digital economy, environmental issues, and sustainable development also is an important aspect of the reform. The EU insists on incorporating new norms and standards into trade rules to reflect pressing challenges such as climate change and the growing role of technology. This requires collaboration with other countries and joint efforts to create coordinated approaches to regulating new areas of trade.

Reforming the global trading regime represents a strategic initiative for the EU aimed at strengthening multilateral trade, restoring trust in international institutions, and establishing a sustainable and equitable trading system that will promote economic development and social responsibility on a global scale.

5. New crisis management (non-trade) tools in the area of economic security represent an important element of the EU's geo-economic policy aimed at protecting the internal market from sudden commodity crises and other external threats. In the context of an unstable global economy, exacerbated by pandemics, geopolitical tensions, and changes in climate conditions, these tools are becoming increasingly relevant for ensuring the economic resilience and security of EU member states.

One of the key directions of this policy is the protection of the internal market from sharp fluctuations and commodity crises. To this end, a special tool is being developed that includes monitoring the situation in commodity markets, analysing supply and demand, and managing stocks of strategically important goods. In the event of a crisis, such as a shortage of essential goods, the EU can initiate the procurement and storage of resources on behalf of the entire bloc, allowing for a more effective response to threats and ensuring supply security for all member states.

Additionally, the EU aims to act against agents that disrupt the "rules-based order". Various measures are employed for this purpose, including sanctions that can be applied to countries or companies if their actions threaten the economic security of the bloc. These measures may include export restrictions and monitoring of commercial transactions, helping to prevent negative repercussions for the EU's economy resulting from the actions of third countries.

For instance, one manifestation of this policy has been the export restrictions and price controls on Russian oil and oil products as part of the response to Russia's aggression. This not only reduces economic dependence on supplies from Russia but also enhances the energy security of EU countries.

The new crisis management tools in the area of economic security and geo-economic policy are aimed at creating a flexible and resilient structure capable of responding quickly to internal and external challenges. These tools not only protect the internal market but also strengthen the EU's position on the international stage, demonstrating the bloc's ability to effectively manage crises and protect the interests of its citizens.

6. The EU's monetary policy is focused on strengthening the global role of the euro and on improving integration within the Economic and Monetary Union (EMU). The main objective is to enhance the competitiveness of the euro on the international stage, which involves creating conditions for a more active use of this currency in international trade, investment, and financial transactions.

One of the strategies aimed at achieving this goal is to deepen integration within the EMU. This includes harmonising the financial systems of member states and establishing a resilient infrastructure to support the euro as a reserve currency. However, concrete practical steps have not yet been taken to implement this idea, and further work is needed in this direction.

Additionally, there is a proposal to introduce a digital euro, which could significantly strengthen the international role of this currency. The central bank digital currency (CBDC) would enhance the speed and security of transactions, as well as provide users with access to modern financial technologies. This is particularly important in the context of increasing digitalisation and changing traditional models of financial interaction. The introduction of a digital euro could make payments more convenient for both citizens and businesses, as well as reduce dependence on the US dollar in international transactions.

The EU's monetary policy is focused on increasing the role of the euro in the global economy through integration, innovation, and the creation of a resilient financial infrastructure. This will not only strengthen the position of the euro as an international currency but also enhance the financial stability and economic independence of member states in the face of global economic challenges.

7. The financial policy of the European Union aims to create a strong, competitive, and resilient financial sector capable of supporting the functioning of the real economy and minimising dependence on financial instruments and infrastructure from third countries. The main goal of this policy is to ensure financial stability and to prevent economic risks associated with external shocks.

One of the key aspects of the financial policy is the completion of the banking union and the capital markets union. This will strengthen financial integration among member states and enhance the resilience of financial systems to crises. The completion of the banking union includes establishing a common deposit insurance mechanism and uniform supervision of banking institutions, which will reduce risks for depositors and increase trust in the financial system.

Within the framework of the EU's financial policy, there is also an emphasis on utilising common debt instruments, which can be used to finance projects aimed at economic recovery and sustainable development. This may include financing initiatives related to the "green deal", digital transformation, and other strategically important projects. The use of common debt instruments will help improve the sovereign ratings of member states and provide additional resources for implementing financial programs.

Additionally, funding for the objectives of the OSA is also part of the EU's financial policy. In this context, the resources of the Next Generation EU fund, which can be used to support member states in completing the energy and digital transitions, constitute an important source of funding, as well as of implementing other priority initiatives.

The development of an effective sanctions management mechanism is also an important direction of the financial policy. This includes protecting member states from the extraterritoriality of sanctions imposed by other countries, such as the United States, and utilising mechanisms that allow the EU to respond to violations of the sanctions regime. For instance, updating the EU Blocking Statute can help safeguard the interests of European companies operating under sanctions pressure.

The EU's financial policy focuses on strengthening financial stability, enhancing integration among member states, and creating conditions for successfully addressing economic and social challenges. Effective financial management will enable the EU to adapt to contemporary challenges and ensure long-term growth and development amid global economic instability.

In its trade policy, the EU has introduced corrective measures to counter perceived unfair market competition and foreign influence exploiting the bloc's vulnerabilities. The Regulation on Foreign Subsidies is central to this approach, already resulting in increased tariffs on Chinese electric vehicles. Additionally, key protective mechanisms address economic coercion, focusing on areas where the EU retains substantial leverage, such as trade in services, foreign direct investment, and public procurement, where its market remains especially appealing. Export restrictions, which the EU has recently intensified, are also an essential part of this strategy.

Non-tariff trade measures are crucial for promoting EU norms and standards, especially in climate policy. The cross-border carbon tax has emerged as a key new trade instrument. In trade agreements, the EU's primary focus is on expanding access to external markets while ideally limiting the adverse impacts of competition from third countries.

The increasing integration of trade and investment issues, especially seen in efforts to address challenges related to bilateral investment treaties, is a noticeable trend in EU activities. This trend extends to the adoption of securitisation principles in the EU's foreign direct investment (FDI) policy, exemplified by the implementation of an FDI monitoring mechanism. This mechanism includes joint FDI verification processes, though final decisions are left to individual member states. The current level of harmonisation and effectiveness remains low, a point acknowledged by the European Commission, which advocates for further alignment. Overall, the establishment of this framework, albeit fragmented, reflects the EU's shift toward a more selective approach to FDI, aligning with similar trends among major global players like the US. This targeted, institutionalised approach mirrors EU strategies across both trade and quasi-trade measures, including sanctions, enabling the EU to selectively shape its relationships with international partners and adjust parameters as needed [Lonardo, 2023].

In practice, the foreign economic provisions of the Open Strategic Autonomy concept go beyond trade and investment, increasingly aligning the EU's role in the global economy with policies typically reserved for national states, such as monetary, fiscal, and currency policies. However, the EU's activity and effectiveness tend to diminish in areas outside its exclusive competence, like fiscal policy, or where the European Central Bank (ECB) holds a central role, particularly in monetary policy [ECB, 2023]. Nonetheless, there is a growing trend toward the hybridisation of EU functions: sanctions policies are becoming more intertwined with financial market conditions, while the Union's competitiveness is increasingly reliant on financial mechanisms like the Next Generation EU fund or regulatory tools like state aid rules. Furthermore, efforts to strengthen the euro's global role are now closely linked with initiatives to deepen financial integration within the EU. This evolution is gradually expanding the range of areas that the supranational governance level, particularly the European Commission, seeks to influence, thereby extending its institutional reach and reinforcing its economic policy role on the international stage.

5. Conclusions

In comparison with global practices, the measures taken by the European Union do not appear to be exceptional innovations. Rather, they concern the specificity of the Union's approach to trends that are quite actively spreading in the global economy. In terms of world trade, it primarily revolves around the difficulties of reforming the global trading regime and the rise of non-protectionism 2.0 tools, while in capital movement, it focuses on the strengthening of national restrictions and the introduction of new protective mechanisms. Overall, these trends reflect the growing geopolitical component in the global economy. Most likely, the EU, like many other key players, tends to utilise familiar and convenient restrictive tools and practices. Unlike, for example, China, which is more inclined to operate through informal channels, the EU is more likely to use formats that have already been prevalent in the internal market (for example, rules on state subsidies for companies, the application of which is now effectively being internationalized) or in which its role in the global economy is comparatively significant. The unfolding geopolitical crisis has led the European Union to begin transforming its tools for participation in global economic processes. This transformation cannot be described as comprehensive and profound, as its main vector is aimed at enabling the EU as a union and its member states as individual players to create institutional mechanisms for selective participation in globalisation and selective interaction with their counterparts. To a large extent, this represents a reactive, even conservative strategy in response to the structural changes occurring in the world. On the other hand, the ongoing transformation is genuinely systemic, as cosmetic changes penetrate almost all areas of Union life that are in any way related to its external economic positioning. Overall, the concept of open strategic autonomy, through its evolution and gradual expansion of its scope, convincingly supports this thesis.

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