

FROM FRAGMENTATION TO STRATEGIC AUTONOMY: STRENGTHENING EUROPE'S CAPACITY TO ACT

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This policy brief and its accompanying recommendations follow a student-led workshop held by the Centre international de formation européenne (CIFE) in partnership with TEPSA. The priorities and pathways laid out below are part of the discussion on strengthening European strategic autonomy in the era of power politics, and they reflect how young Europeans in favour of a more integrated Europe see deepened cooperation between Member States and the European Union (EU) as progressing Europe's interests. Five interconnected domains offer a first opportunity for the Union and Member States to reduce critical dependencies: energy, defence, finance, technology, and external governance. Listed below are areas of current challenges and opportunities, along with concrete policy recommendations for each.

Powering strategic autonomy through an integrated energy grid

European strategic autonomy requires a strong and resilient energy infrastructure. In 2024, the EU had a [measured energy dependency rate of 57%](#), meaning it was reliant on net imports for about three-fifths of gross available energy, showing how the domain remains a strategic vulnerability. A durable and connected energy grid is fundamental not only to ensuring the security of energy infrastructure, but also for the strength of Europe's industrial economy, whose electricity demand [is set to rise sharply](#) following rapid electrification.

Recent events have highlighted the EU's vulnerabilities and shortcomings in this field. For instance, the disruption and planned end of natural gas imports necessitated by Russia's invasion of Ukraine and repeated attacks on vessels transiting through the Strait of Hormuz continue to raise costs for consumers and businesses while straining Europe's supply chains.

The EU and Member States are moving

towards stronger connections in the energy sector, while also increasing production of home-grown energy sources, including renewables, which also meet the Union's climate goals. Concrete examples of policy initiatives for stronger connections include [RePowerEU](#), which reduces fossil fuel import dependency and accelerates renewables development, and the [TEN-E](#) regulation, which strengthens transborder energy interconnections between Member States.

Harmonising disparities between Member States is crucial to incentivising cross-border investment and cooperation. Yet disparities in production, prices and interconnection capability make the European energy market incongruent. [In 2024, renewables represented 47% of Europe's electricity production](#), but its distribution significantly varies among Member States. Enhanced grid connectivity would greatly facilitate the movement of energy from regions of surplus to regions of deficit, by minimising price volatility and clarifying the joint benefits of common investment in energy infrastructure. Furthermore, it would strengthen resilience to supply shocks and ensure stable energy provision for regions experiencing peak pricing. Therefore, enhanced grid connectivity would also be a central element of energy

security and strategic autonomy in the EU.

A pathway for the EU and Member States to address this is by revisiting the fragmented governance structure in its energy policy. Competences are divided between the EU, which is responsible for market integration, renewables, and security of supply, and Member States, which can take decisions over specific energy mixes. This asymmetry makes coordination and cooperation even more difficult to achieve, especially for transnational infrastructure projects such as energy grid connectivity, because diverging national priorities and regulatory frameworks can delay investment and implementation. An example is the electric interconnection of the [Biscay Gulf](#) between France and Spain, which required years of negotiations between the countries.

The full harmonisation of energy competences remains a long-term objective, because divergent national interests require major political alignment, shared incentives and regulatory alignment. This is evident when considering, for example, that [at the beginning of 2026 nine Member States had still not met the 2020 objective for energy interconnection](#). In the meantime, the EU can accelerate investments in home-grown renewable sources, continuing to implement energy-efficiency infrastructure in the building and transport sectors, and investing in smart, interconnected grids, like RePowerEU and the TEN-E regulation. Meanwhile, temporary measures, such as pilot projects examining grid interoperability, coordinated investment schemes, and the setting of common technical standards, can stimulate this transition. Taken together, these steps would strengthen the EU's energy resilience - critical for its strategic autonomy.

To strengthen energy security, the European Commission should prioritise cross-border grid interconnections, promoting common

technical standards and joint financing mechanisms through instruments such as the TEN-E and the Connecting Europe Facility. At the same time, the EU Agency for the Cooperation of Energy Regulators should strengthen coordination between national authorities and facilitate the implementation of cross-border projects.

Beyond dependency: Building a capable European defence industry

A capable defence industrial base is another important pillar of European strategic autonomy. A stronger and more integrated European defence industry is central to crisis-proofing defence infrastructure and enhancing strategic independence. The EU's continued reliance on the United States (US) as a security guarantor, further exacerbated by its significant dependence on US military equipment, limits operational autonomy and exposes vulnerabilities in times of crisis. Strengthening Europe's independent defence capabilities would not only increase independent operational capabilities, but would also boost Europe's own industry, providing economic gains for European companies and people.

Separate but related is the fragmented nature of defence decisions within the framework of the EU. [In 2024, Member States allocated around EUR 88 billion to the procurement of equipment](#), but cooperation on procurement remains limited, thereby reducing economies of scale and increasing the risk of duplication, slowing procurement and reducing industrial competitiveness, especially in comparison with an integrated American counterpart. Moreover, joint procurement between Member States remains insufficient in relation to the European cooperation objectives. The

EU has already begun to address this issue through instruments such as the [European Defence Fund](#), which funds joint research and development, and the [European Defence Industry Reinforcement through the Common Procurement Act](#), which aims to encourage joint procurement amongst Member States. However, greater integration could be pursued gradually through existing instruments, rather than requiring immediate, radical institutional reform. [The European Commission](#) has, in fact, set a target for 2030 whereby at least 40% of defence equipment procurement is carried out jointly by Member States and at least 50% of procurement expenditure is spent on products manufactured in Europe.

At an operational level, cooperation could focus on air and missile defence, drones and anti-drone systems, military mobility, cyber defence and the protection of critical infrastructure. These areas have already been identified by the [Defence Readiness Roadmap 2030](#) as priority sectors for the joint development and acquisition of capabilities.

To reduce the fragmentation of European defence and consequently improve strategic autonomy, the Council of the EU and the Member States should continue to find opportunities to further integrate through joint procurement while coordinating capability developments more closely, with the support of the European Defence Agency. At the same time, the European Commission should ensure adequate funding and incentives to support cross-border industrial cooperation and the development of the European defence industrial base.

Stimulating and attracting the flow of private capital

Europe possesses substantial savings and considerable industrial capabilities, but the fragmentation of its capital markets inhibits its scaling capacities in comparison to other major markets. Unifying and strengthening Europe's capital markets would not only deepen the Single Market, but would help attract foreign investment and retain domestic investment. This investment is key to underpinning Europe's autonomy by financing high-risk, long-horizon sectors on which strategic autonomy ultimately depends.

EU market capitalisation of stock exchanges, meaning the total combined market value of all the companies listed and traded on that specific exchange, amounted to [73% of EU GDP, compared with 270% in the US](#), according to a December 2025 Commission factsheet. This is significant because the sectors underpinning strategic autonomy in the 21st century – semiconductors, artificial intelligence (AI), clean energy, defence technology – require long development timelines, high upfront capital, and tolerance for uncertain returns, characteristics that bank lending (the type of borrowing most common in Europe) does not finance at the same pace due to banks' more risk-averse lending practices. Capital market depth is therefore an important catalyst in generating capital from diverse funding sources, required to remain a global player in industries crucial for autonomy. Yet venture capital investment in the EU was at least [ten times lower than in the US in 2022](#).

As the recent milestone [Draghi](#) and [Letta reports](#) make clear, access to growth financing and cross-border investment

remains heavily constrained by different national financial systems, fragmented regulatory regimes, differing tax treatments of capital gains, and an underdeveloped securitisation market that transforms only a fraction of loans into investable vehicles when compared to other advanced economies.

Measured against American counterparts, the gap in the catalytic effect of Europe's public spending is stark. US legislative initiatives such as the Inflation Reduction Act, CHIPS Act, and Infrastructure Law together [committed around USD 2 trillion in federal spending](#). These programmes are comparable in scale to NextGenerationEU as a share of GDP, but they operate within a unified capital market. Since 2021, announced private sector investment in US clean energy, semiconductors and advanced manufacturing [has passed USD 1 trillion](#), of which some USD 350 billion has been deployed in facilities now operating.

The case can be made therefore that Europe spends a fair amount, but its fragmented market infrastructure dilutes the multiplier effect of what it does spend. Even accounting for the private investment mobilised across all EU instruments, the catalytic effect per public euro remains significantly lower than what the US achieves within its integrated market.

Consolidated capital markets would transform these public investments from isolated programmes into engines for continent-wide private capital flows. Completing a genuine Capital Markets Union is therefore not merely a financial integration objective, but it is a vital pillar of European strategic autonomy. A European Investment Bank analysis suggests that halving the EU's financial integration gap could [boost cross-border financial flows by 3% of GDP and raise real GDP by up to 1%](#) while firms with access to equity finance show investment growth rates seven percentage points higher than those without.

At the same time, strategic autonomy itself reinforces the investment climate: investors require assurances that the EU is managing its supply-chain vulnerabilities and geopolitical risks effectively. A stable regulatory and economic governance environment, combined with reduced excessive external dependencies and maintained openness, lowers geopolitical risk and improves long-term investment conditions.

Revisions to the unanimity concept would also be fruitful for attracting investment: preventing any one member from unilaterally blocking a proposal - whether related to taxation or other industry-intensive policies - would promote predictability and planning for businesses and investors. In this sense, the relationship between capital market integration and strategic autonomy is mutually reinforcing, each strengthening the credibility and attractiveness of the other.

Looking at where to go next, the EU should accelerate the completion of the Capital Markets Union by harmonising financial regulation, taxation, and venture capital frameworks.

Research, innovation and technology

Strategic autonomy extends beyond traditional defence into emerging technologies such as AI, which will redefine daily life and industrial economies. Their cross-sectoral implications highlight the necessity of autonomy in these fields.

Europe has established itself as the foremost regulator of AI, but it must do more to promote the security of the supply chain in this sector. Generative AI models that increasingly support European industry and defence [are overwhelmingly from non-European providers](#), namely the US and China.

While regulations on AI have proven to be one of Europe's most effective tools to exert its influence externally, it comes at a cost. The Draghi report [called for a pause](#) in implementing the AI Act and a radical simplification of the General Data Protection Regulation, and the Commission has moved in that direction: the Digital Omnibus, given final approval by the Council in June 2026, [deferred the AI Act's high-risk obligations](#) to December 2027.

Furthermore, European alternatives such as Mistral's Le Chat [remain much less capitalised](#) than American counterparts. Brussels has responded through the [AI Continent Action Plan](#), the InvestAI programme's [ambition to mobilise EUR 200 billion](#), a planned network of AI gigafactories, and, most recently, a Tech Sovereignty Package whose Cloud and AI Development Act [aims to reduce strategic dependencies](#) and advance more sovereign, resilient and competitive European AI solutions. Maintaining focus and continued monitoring of the progress of European alternatives is vital.

But dependencies in the supply chain undermine European strength across the full AI stack. This same logic extends beyond computing and into the space-related infrastructure which supports Europe's technology.

As space becomes an increasingly important frontier that supports vital technological, defence and economic developments, there are an increasing number of actors. The geopolitical situation, however, threatens to further increase the importance of technological capabilities in Europe. The heavy [dependence of Europe on third countries](#) for launch services, satellite systems, critical minerals, and digital technologies concerning space and the dependence on advanced chips, cloud computing, software and hardware for AI

creates vulnerabilities, risks, and political pressure on Europe. In 2024, satellites for Galileo — the Union's flagship sovereign navigation system — [were placed in orbit by SpaceX](#), because no European launcher was available. Ariane 6 has since [taken back launch capability](#), but the event demonstrates Europe's strategic vulnerabilities.

Strategic autonomy in technology would enhance the capabilities of the EU, including through the hybrid use of capabilities, while making it a global norm-setter in this field, promoting responsible use of it, sustainability, and the protection of space and the environment in accordance with international agreements.

Moreover, investing in technology capabilities in Europe will encourage innovation and partnerships, and it will strengthen the EU's position as a coherent geopolitical player. In this context, space and technological autonomy is not only about security, but it is also about maintaining Europe's position in terms of economic competitiveness and regulatory autonomy in this contested space. Thus, the EU can reduce strategic dependencies by increasing common investment in critical technologies, and secure supply chains.

Overcoming decision-making paralysis in European foreign policy

The four domains above share a common diagnosis that Europe remains too fragmented to reduce dependencies and a practical solution is the common pooling of resources. That effort would also be well-accompanied by reform on how the Union decides and acts externally, one of the most sensitive areas of pooled decision-making.

The difficulty of reaching consensus in the

EU's Common Foreign and Security Policy (CFSP) is not a novel development, and whilst treaty changes have created new competencies for the EU to speak with one voice externally, coherency remains a challenge due to the longstanding requirement that matters of foreign affairs, including security and defence, be taken by unanimous agreement in the Council – if at all handled under the Union's auspice. Expanding the use of qualified majority voting (QMV) would allow the EU to coordinate its CFSP in accordance with a majority of its Member States, and ensure that defectors do not hamper the speed at which timely decisions are taken. Formalising a streamlined decision-making process within the Foreign Affairs Council would also prove beneficial for inter-institutional dynamics. This would also empower the High Representative to have a more authoritative role in foreign policy, being able to speak on behalf of a stronger mandate of European will.

The case for reforming QMV is strong, and its logic is fairly straightforward: the unanimity rule [was drafted for a Union of fewer Member States in a far more permissive strategic environment](#). Since then, we have seen single governments [delay sanctions packages and block common positions](#) on matters of near-universal agreement in the Union, including Russia, Ukraine and the Middle East. And further enlargement would [only compound the problem](#). This case now carries significant institutional weight. Nine foreign ministries [launched a Group of Friends on QMV](#) in CFSP in May 2023, and on 1 September 2026 11 of them – Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Romania, Spain and Sweden – [wrote to the High Representative](#) ahead of the informal meetings of EU Foreign Ministers in Wicklow, Ireland, proposing greater use of constructive abstention, an end to linking CFSP files to substantially unrelated dossiers, a requirement that any block be

substantiated by stated vital reasons, and exploration of the Article 31(3) passerelle. France's signature [is significant given its long reluctance to surrender a foreign policy veto](#).

The objection to the argument is not without merit, though. Unanimity has always provided smaller Member States the guarantee that they are heard at all; Cyprus and Greece have been explicit about not relinquishing it, and the Baltic states did not sign the September letter, which indicates the division cannot be simply attributed to attitudes towards Moscow. Binding all 27 to external positions that some governments have not endorsed, and that their national parliaments have not scrutinised, could be viewed as a constitutional step rather than a procedural one. A common paradox is also often referenced here: [extending QMV itself requires unanimity](#), so the governments most likely to use a veto are precisely those whose consent is needed to constrain it.

A reform to unanimity could be taken through tightening an existing safeguard rather than inventing a new one. Article 31(2) of the Treaty on European Union already [allows a Member State to halt a qualified majority vote by invoking vital reasons of national policy](#). What it does not do is impose any cost for using it: the reasons do not need to be published, the High Representative's search for a solution has no deadline, and referral to the European Council is discretionary. Requiring a government to secure a vote of its own national parliament before invoking such a brake would change that. It would not stop a determined government, and in most cases the vote would pass. This compromise, however, would disincentivise its use while preserving a state's safety net.

Diversifying partnerships: Reducing dependency through strategic cooperation

While strengthening internal capacities is essential, strategic autonomy also requires reducing excessive external dependencies on any one actor.

Diversifying partnerships provides an approach that mitigates risks while increasing the EU's flexibility. [EU initiatives, such as the European Defence Fund](#) and [Permanent Structured Cooperation](#), strengthen industrial resilience and interoperability from within. Meanwhile, diversified external partnerships with like-minded countries, such as Canada, Japan, India, Australia, and South Korea encourages partnership in priority sectors for EU strategic autonomy, such as technology, raw materials, and green energy. Two recent landmark agreements show the EU is moving towards this approach: the EU-India Free Trade Agreement and the long-awaited EU-Mercosur Trade Agreement. These deals not only extend the EU's economic and strategic influence but also reduce its dependence on any single partner, boosting its ability to manage global uncertainties.

Regarding the energy sector, the repercussions of Russia's invasion of Ukraine exposed the dangers of concentrated supply chains. The RePowerEU plan has significantly reduced dependence on Russian hydrocarbons, with a formal phase-out regulation [adopted in January 2026](#). However, this shift risks [creating new dependencies on liquefied natural gas](#). A more rebalanced strategy should prioritise multilateral energy agreements, notably long-term gas supplies and hydrogen partnerships with Norway, and interconnected grid and renewable hydrogen projects with North African partners. These

arrangements strengthen European resilience while advancing Europe's decarbonisation objectives.

Diversifying partnerships is a difficult task, as it is not a choice the EU can make alone. Most partnerships come at the cost of another's preferential access or partnership, and most other middle powers [are seeking optionality rather than alignment](#). While Brussels offers attractive norms and stability, it lags behind China's capital offers and speed of access and the US's ability to unilaterally offer security guarantees and market access. The Union's own terms make the difficulty more intense. Instruments such as the [Carbon Border Adjustment Mechanism](#), the [Deforestation Regulation](#) and the Corporate Sustainability Due Diligence Directive are viewed in several partner capitals as unilateral regulatory imposition, and as continuity with a pattern in which raw materials move north and rules move south. Deepening one relationship also strains domestic values and markets: Mercosur unsettles European agriculture, Gulf energy partnerships sit awkwardly beside the Union's human rights positions, and consensus across the EU's institutions and states is not politically reliable. None of this is to say that diversifying partnerships is strategically unhelpful, rather that speaks to the expected difficulties of realising it.

In essence, diversifying partnerships offers a pathway to achieve strategic balance through establishing multiple reliable and values-based coalitions that expand the EU's ability to manoeuvre. By embedding autonomy within an interconnected network of partnerships, the EU can maintain its openness while reinforcing its ability to act independently when needed. Therefore, the EU should diversify strategic partnerships to reduce overdependence on any single external actor.

Conclusion

The EU and its Member States are facing a critical juncture - vying for influence and security amid tensions with partners and rivals. Balancing partnerships with like-minded allies while ensuring it has the capability and architecture to further its interests is critical to strengthening strategic autonomy. In most cases, challenges to Europe's strategic autonomy do not originate solely from a lack of resources but from a lack of strategic pooling where common benefit is greater than individual action.

Europe's fragmented markets, approach to

defence, and grid structure therefore do not represent different problems, but one interconnected challenge to the system. A fragmented capital market makes the defence industrial base harder to finance. A fragmented grid raises the energy costs European manufacturers carry into global competition. Decision-making paralysis in the Council undermines the credibility that makes the EU an engaging partner. Finally, progress in any one domain is limited by the others.

Strategic autonomy will not be built through any one action, but through a long-term, sustained vision to act together in the areas where acting alone demonstrates the greatest vulnerability.

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