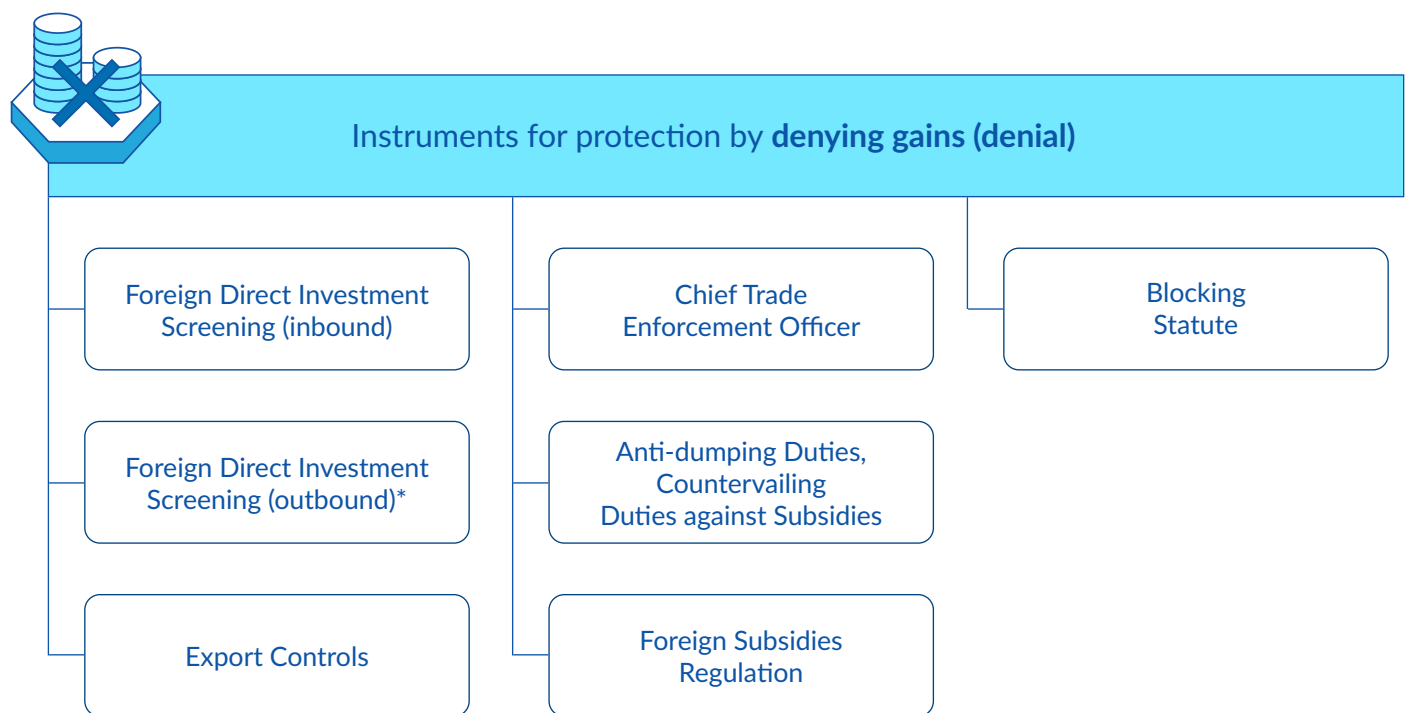


The EU's Geo-economic Trade Instruments: Making the Most of the Toolbox

In recent years, global trade has faced growing challenges. Both industrial policy and geopolitical considerations have led countries to increasingly restrict trade flows and prioritize domestic production. The EU enters the new mandate equipped with a range of new or improved geo-economic trade instruments.

Which instruments?

The EU's new trade instruments can be categorized based on their deterrent effects on targeted actors:



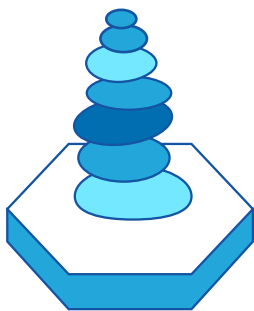
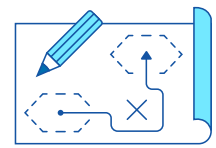
*The EU Commission has published a White Paper on 24 January 2024 and is considering further measures together with the Member States



Building on the instruments

To bolster its economic security, the EU should use its geoeconomic instruments as the starting point for further action:

- **Develop a Clear Geo-economic Strategy:** The EU's current economic security strategy is relatively limited in scope. In the next mandate, establishing clear guidelines on when and how to use these instruments would increase their legitimacy and provide predictability for businesses and third countries.
- **Strengthen the “Promote” Angle:** The EU's action has focused heavily on the “protect” aspect of its economic security strategy. However, fostering globally competitive industries, like those for electric vehicles, requires large-scale investments and a more robust Single Market.
- **Link Uni- and Multilateral Efforts:** While the prospects for a full revival of the multilateral system are dim, the EU ought to continue connecting its geoeconomic tools with international platforms, particularly the WTO and the G7.



Using the instruments – balancing flexibility and credibility

Most of the instruments are applied through implementing acts proposed by the Commission after stakeholder consultations and decided by a committee of Member State representatives with a qualified majority.

To maintain its credibility as an international actor, the EU ought to apply these instruments in an even-handed manner while balancing its own (geo-) economic interests. Flexibility is crucial to address the specific needs of different trade relationships and sensitive political issues. At the same time, it should be careful not to make exceptions the norm, which would encourage third parties to engage in adverse behaviour and increasing the likelihood that these instruments will need to be used.

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Links

More comprehensive information on the EU's new trade instruments can be found in our study [The New Geo-Economic Instruments of the European Union](#) and on our blog [globaleurope.eu](#)