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Research Article

A Post-Trump Era Strategy — Building a Resilient and Self-Reliant European Economic System

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Abstract

The global trading system faces its most serious disruption since the post-war Bretton Woods consensus. In the aftermath of the Trump-era protectionist wave, which saw the imposition of universal tariffs and the erosion of global trade norms, Europe must pivot decisively toward self-reliance. This white paper outlines a policy roadmap to develop a fully integrated European Free Trade Market for goods and services, eliminate internal barriers, and stimulate long-term growth through strategic public investments in energy, digital infrastructure, and manufacturing. The paper draws on public demographic data and economic indicators to support a post-austerity investment strategy. The 2025 economic landscape presents not simply a challenge but a diversifying opportunity. The paper argues that Europe can be repositioned as an innovator of sustainable and advanced economic models by integrating historical and recent data and policy proposals to aid in charting a comprehensive strategy that would lead to economic command. Moreover, the strategy outlined throughout the paper aims to enhance the internal demand within the EU (European Union) as well as advancing technological leadership and regulatory unification, thus, aiming towards strategic autonomy. Through the implementation of a tailored strategy and prioritising investments such as its demographic diversity, renewable energy initiative and digital infrastructure advancements the EU can reinforce its influence on a global scale and maintain a sustainable growth to its economy despite the new Trump-era tariffs and global economic challenges.

Keywords

Europe, Trade Policy, Tariffs, Economic Resilience, Strategic Autonomy, Global Trade, Industrial Policy

1. Introduction

The global economy has weathered numerous storms over the past century, with the Great Depression of 1929 and the Global Financial Crisis of 2008 standing out as pivotal events that reshaped economic paradigms. Today, as we confront the ramifications of President Donald Trump's sweeping tariff policies, it is imperative to draw lessons from these historical crises to navigate the challenges ahead.

The 2025 tariff escalations have caused problems across the goods and services markets globally. In comparison to previous history, today's European economy is heavily reliant on global supply chains. Without intervention, the EU GDP could contract up to 0.5% depending on a no-deal scenario. [1] As analysed by Holzner 'in the long run, Trump's across-the-board 'Liberation Day' tariffs could reshape US

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production and trade patterns, causing significant disruptions in export-driven economies like China and the EU – although the full extent remains uncertain.' [2]

Moreover, many demographic shifts that the EU is facing, such as population ageing and skilled labour shortages, lead to the dire need for an innovation-driven response in order to benefit the EU's potential growth, despite the introduction of these tariffs.

2. Historical Context and Lessons Learned

The Great Depression was triggered by the 1929 stock market crash, leading to a decade-long economic downturn characterized by massive unemployment and deflation. Protectionist measures, notably the Smoot-Hawley Tariff Act of 1930, exacerbated the situation by stifling international trade. The eventual recovery was facilitated by significant government interventions, including the New Deal programs, which aimed to stimulate demand and provide employment.

While protectionist policies contributed to the depth and duration of the Great Depression, the current global economy is more interconnected, making the potential fallout from widespread tariffs even more complex. Unlike in 1929, when economies were more insular, today's supply chains are deeply integrated across borders. Disrupting these networks could lead to unintended consequences, such as increased production costs and consumer prices.

In contrast, the 2008 Global Financial Crisis stemmed from the collapse of the housing bubble and the proliferation of subprime mortgages, leading to a severe liquidity crisis. The interconnectedness of global financial institutions meant that the crisis had worldwide repercussions. Swift monetary and fiscal policies, such as bank bailouts and stimulus packages, were implemented to stabilize economies and restore confidence.

The 2008 crisis highlighted the dangers of unregulated financial markets and the ripple effects of a collapse in one sector spreading globally. Similarly, the current tariff escalations risk contagion, where retaliatory measures lead to a downward spiral in global trade, reminiscent of the trade wars of the early 20th century.

Both of these crises showed modern policymakers, firstly, that unilateral economic defences can often worsen risks, and secondly, that multilateral responses can mitigate economic problems and expedite recovery. Hence, this has led to the EU's institutional frameworks evolving to avoid such unfortunate events for the future. The European Stability Mechanism and the European Central Bank's liquidity provisions have vastly improved due to these historical episodes. The ESM was established as a permanent crisis management mechanism to address financial instability in the euro area, while the ECB expanded its monetary policy and implemented various measures to ensure liquidity and repair the bank-lending channel. [3] These quick measures taken by the EU in response to many crises historically can also be evidenced in the rapid deployment of the Recovery and Resilience Facility (RRF) during the COVID-19 crisis in 2021, thus Europe displays a growing capacity with relation to innovative funding.

Nevertheless, it is of utmost importance to recognize the ways in which present crises greatly differ from those of the past. While economic and financial mechanisms continue to remain important, the current origins of disruption in Europe have been significantly impacted due to geopolitical destabilization rather than purely in market forces when compared to past historical events. Mainly the military aggressions initiated by Russia have altered the European security landscape, such as; the 2008 invasion of Georgia, the 2014 annexation of Crimea and the full-scale war against Ukraine. Alemanno writes: "Trump and Putin have inadvertently given Europe a shared sense of purpose and a need for urgent action." [38]

As such, during the past two decades, the European Union has placed considerable emphasis on economic prosperity while sidelining defence and strategic security. "According to the North Atlantic Treaty Organization (NATO), defence expenditure in Europe fell by 3 percent in 2009 and continued to decline steadily throughout the 2010–13 period." [39] Due to this, Europe has been left vulnerable in the face of resurgent authoritarianism. Thus, historical economic responses, similarly to those previously mentioned of the 1930s and 2008 crisis must be supplemented by the European Union while showcasing a deeper understanding of modern geopolitics threats and dynamics. The dire need for rapid, coordinated policy responses now encompasses not just economic resilience but also defence, energy sovereignty, and institutional solidarity, requiring a strategic framework suited to today's world.

Hence, due to the complexity of tariff escalations by the Trump administration the EU needs to rely heavily on these previous scenarios in order to effectively showcase economic resilience through flexibility and proactive investment within the continent.

3. The Current Scenario: Tariffs and Economic Fragmentation

In April 2025, President Trump announced a series of tariffs under the "Liberation Day" policy, imposing at least a 10% levy on all U.S. trading partners, with specific rates reaching 54% on Chinese goods and 20% on EU products. China retaliated with a 34% tariff on all U.S. imports. These measures have led to significant market volatility, with the S&P 500 dropping 6% and global markets experiencing a $6.6 trillion loss over two days. [2]

The rationale behind these tariffs is to reduce the U.S. trade deficit and encourage domestic manufacturing. However, economists warn of potential stagflation—a combination of stagnant growth and rising inflation. JPMorgan has increased the likelihood of a U.S. recession to 60%, citing the tariffs as a significant risk to economic stability. [4]

While exploring the economic impact of the tariffs is important in this research, the political roots and demands also warrant a closer observation. In an article for the Financial Times, Rachman notes: “His second-term rhetoric once again emphasized aggressive tariff threats tied with demands for higher defence spending and renegotiation of trade and multilateral norms, a demonstration of his America First nationalism.” [40] During both of his presidencies and used campaign rhetoric, President Trump has repeatedly criticized European trade surpluses with the U.S., NATO spending imbalances and the European Union’s regulatory standards.

As evidenced, these demands made by President Trump, are designed to carry significant strategic consequences for Europe. They are used to undermine trust which was previously built through stable alliances and have significantly contributed to the fracturing of transatlantic trade and relations. Hence, what this means for Europe is that it must strive to build an independent economic and political system which can endure recurring disruptions from the U.S. policy swings.

The 2025 U.S. tariff policies, described by the Harvard Business Review as "a systemic shock to supply chains," have led to supply-side inflation, disruptions in just-in-time manufacturing models, and a decline in global trade volumes exceeding 20% since 2021 [5]. The World Economic Forum's 2025 report documents that European firms are increasingly adopting regional supply chains, and diversifying their supply sources are reducing tariff-related risks. Major logistics companies such as Maersk and MSC have successfully adopted and transitioned away from long-distance routes to regional hubs. [6].

The wider macroeconomic challenge is compounded by stagflationary pressures, where core inflation in the EU is at 4.2%, [7] increased production costs for manufacturing sectors which rely on complex, globalized supply and production capabilities, and also shifts in costs to different supply chains to intra-European markets, and close local market flows to the EU-MED and EU-Africa corridors as shown by their expansion by 11% since 2023. [8] Consumer prices for goods, including electronics, appliances, and vehicles have substantially increased by 9.7% which is diminishing household purchasing powers in Europe, and inviting political pressure on policymakers. [7, 8]

Moreover, the disruption is forcing Europe's policy-makers to tackle structural fragility around over-reliance on imports of strategic commodities and limited domestic manufacturing capabilities for critical and emerging technologies. This acknowledgment has stimulated a heightened policy regime of industrial re-shoring, and investment across strategic sectors. In the full report provided by OECD, it is stated that: “the trade disruption of 2025 has accelerated industrial re-shoring across multiple EU sectors, particularly semiconductors, advanced batteries, and medical equipment.” [7].

In addition to the supply and trade issues described here, the tariff wars are also revealing institutional fragility in the global trade governance architecture. The World Trade Organization's (WTO) dispute mechanism faces challenges in dealing with the size and complexity of the 2025 trade disputes, influencing Europe's advocacy of systemic and comprehensive reform in global trade governance [9].

Lastly, economic fragmentation has introduced challenges like those described shortly above as digital transition, climate policy financing gaps, and increasing geopolitical tensions in Eastern Europe and the Indo-Pacific. There is, therefore, an urgent need for comprehensive, forward-looking policy to resolve the immediate and structural impacts on trade disruption. This acknowledgment has stimulated a heightened policy regime of industrial re-shoring, and investment across strategic sectors as mentioned above.

4. Strategic Response: Building European Resilience

The post-tariff landscape requires reactive policies and a comprehensive, proactive European strategy. Learning from the economic fragmentation of the 1930s and the coordinated responses to the 2008 and 2020 crises, the EU must implement a four-pillar framework that addresses immediate challenges and secures long-term strategic autonomy and growth. Each pillar is designed to reinforce the others, creating a resilient, innovative, and globally competitive European economy.

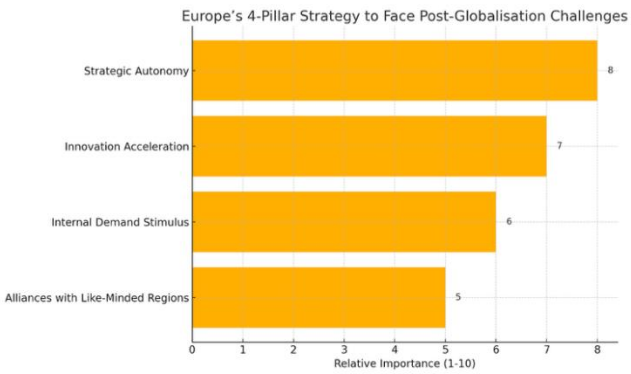

Figure 1. *Europe’s 4-Pillar strategy to face Post-Globalisation Challenges.*

4.1. Strategic Autonomy

The EU must reduce dependency on foreign technology, energy, and key industrial inputs. This would involve investments in semiconductors, green energy infrastructure, digital infrastructure, and health technologies. The European Chips Act (2023), which aims to boost domestic semiconductor production and reduce reliance on East Asia, and the

EU Hydrogen Strategy (updated in 2024), which outlines plans to scale up renewable hydrogen as a cornerstone of clean energy independence are key policies that would lead to the implementation of this objective.

In the context of escalating global trade tensions and the imperative for economic resilience, the European Union (EU) must expedite the completion and liberalization of its internal market. This strategic endeavour is pivotal to enhancing the EU's competitiveness, fostering innovation, and ensuring sustainable growth. The following key actions are essential:

4.1.1. Elimination of Internal Barriers in Services, Energy, Telecommunications, and Professional Mobility

Despite the establishment of the Single Market, significant barriers persist in sectors such as services, energy, telecommunications, and professional mobility. These impediments hinder the free movement of services and professionals, limiting economic integration and efficiency. Addressing these challenges requires:

1) Harmonization of national regulations to facilitate cross-border service provision.
2) Standardization of professional qualifications to enable labour mobility.
3) Integration of energy and telecommunications markets to ensure seamless operations across member states.

Such measures align with the EU's commitment to the "freedom to provide services" and the "freedom of establishment," foundational principles enshrined in the Treaty on the Functioning of the European Union (TFEU). [10]

4.1.2. Establishment of Unified Digital Taxation and Regulatory Frameworks

The digital economy's expansion necessitates cohesive taxation and regulatory policies to prevent fragmentation and ensure fair competition. The EU's recent agreement on the "VAT in the Digital Age" package exemplifies progress in this domain, introducing: [11]

1) Mandatory electronic invoicing and real-time data reporting to combat tax fraud. [Consilium]
2) Simplified VAT obligations for cross-border digital services, reducing administrative burdens for businesses.

These initiatives aim to modernize the VAT system, enhance compliance, and support the digital transition. [12]

4.1.3. Completion of the Capital Markets Union (CMU) to Facilitate Pan-European Funding

The CMU is instrumental in diversifying funding sources, particularly for small and medium-sized enterprises (SMEs) and infrastructure projects. Despite progress, Europe's capital markets remain fragmented, limiting access to finance. To address this, the EU has [13, 14]:

1) Revised the European Long-Term Investment Funds (ELTIFs) framework, enhancing their attractiveness to investors and broadening eligible assets. [15]
2) Proposed harmonization of insolvency laws to facilitate cross-border investments and improve the securitization of SME loans. [16]

Furthermore, European Commission President Ursula von der Leyen has emphasized a significant push towards CMU completion before the summer of 2025, underscoring its priority in the EU's economic agenda. [17]

According to Bruegel: ‘while the effects on some regions could be very significant, the overall limited macroeconomic impact should make it possible to use redistributive policies to cushion the blow for the most affected.’ [1]

Promoting domestic capabilities in advanced manufacturing and critical materials processing is essential to safeguard industrial autonomy. The EU should expand the Important Projects of Common European Interest (IPCEI) framework to include broader technological and industrial development categories, such as battery production, biotechnology, and artificial intelligence hardware.

Recent efforts have begun to yield results. As of Q1 2025, the European Semiconductor Manufacturing Consortium (ESMC) announced the opening of a new fabrication facility in Dresden, a €10 billion project intended to reduce Europe’s dependence on imported chips by 40% to 50%. Member states and industry stakeholders are expected to contribute substantial resources for the implementation of the Chips Act. [18]

The REPowerEU plan’s acceleration of offshore wind and green hydrogen infrastructure in the energy sector has begun to insulate the EU from fossil fuel supply volatility. As of 2023, renewable energy sources accounted for 24.5% of the European Union's gross final energy consumption, up from 23% in 2022 [19].

4.2. Innovation Acceleration

The EU’s Horizon Europe programme, with a budget of almost €100 billion for 2021–2027, provides the foundation for researching deep technology in areas such as artificial intelligence, quantum computing, biotechnology, and advanced materials [20]. Current deployment rates are still behind global competitors, especially in scale-up financing and cross-border collaboration. To tackle this, the EU has to enhance new stage innovation funding and streamline R&D collaborations along with expanding the European Innovation Council (EIC) strategic technology support.

Block funding under the Strategic Technologies for Europe Platform (STEP) and the adjusted EIC charter moves the EU away from solely increasing funding while also cultivating regulatory sandboxes for nascent industries which is critical for shortening the time needed to commercialize advancements in AI, health technology, and energy systems. [21]

Using strategic priority scoring (1–10) based on resilience, innovation potential, economic multipliers, and geopolitical relevance, the following industries emerge as the most relevant for European investment over the next decade:

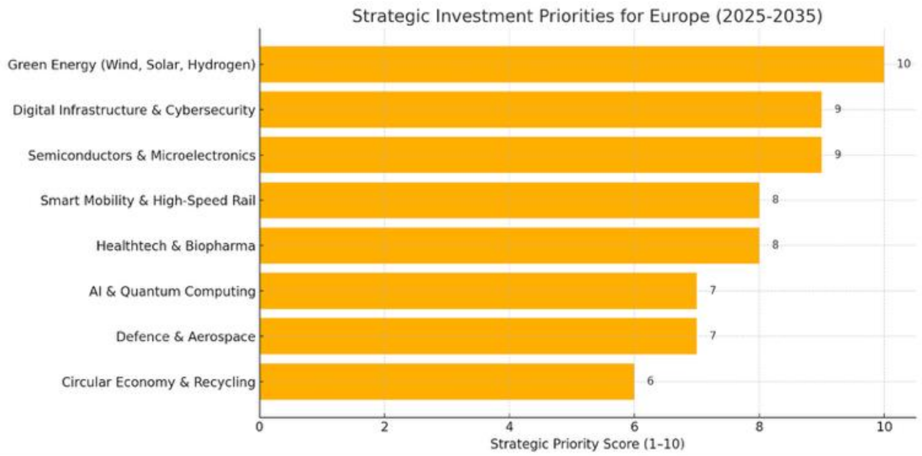

Figure 2. *Strategic Investment Priorities for Europe (2025-2035).*

Thus, Public procurement reform remains essential. The EU needs to implement innovation-based procurement incentives in such a way that a significant percentage of public tenders provide high priority to technologies with sustainability, digitalization, and inclusion goals.

Moreover, it is important to highlight that while the Horizon Europe programme and EIC initiatives mark important milestones, there is a need for a focus on transforming research into innovation utilising immediate strategic value. Research is most impactful when it feeds directly into innovation systems that generate tangible technological and industrial outputs.

Thus, the need for the creation of stronger R&Q linkages is dire, especially between academic institutions and enterprises across Europe. An example would be, the utilisation of regulatory sandboxes, in a report written by the ESMA (European Securities and Markets Authority) they mention that: “regulatory sandboxes offer the FinTech sector an environment to test their business ideas and concepts, and gain better visibility to their projects, ultimately enhancing funding opportunities.” [41] This would aid in integrating innovation into the development stage of research programs. Innovation must now become one of the main engines of economic reconfiguration and resilience, not just a side outcome of long-term research.

4.3. Internal Demand Stimulus

The €15 trillion European single market, comprising 450 million consumers, offers significant scale but remains underutilized. According to Gnath and her research on the European single market: ‘the Single Market is the regulatory backbone of the European economy and an important driver of prosperity in Europe. It increases competition, labour specialization, and economies of scale, allowing goods and services as well as labour and capital to move to the area where they are most valued, thus improving the efficiency of the allocation of resources.’ [22]

Labour mobility and professional portability across Member States should be further facilitated in order to address demographic challenges faced by the EU. Hence, strengthening the Single Market for services, particularly in professional and digital services, could unlock significant productivity gains.

4.4. Alliances with Like-Minded Regions

To reduce exposure to geopolitical risks, Europe should strengthen trade and research partnerships with Africa, Southeast Asia, and Latin America. The Global Gateway Initiative and the EU-ASEAN Free Trade Agreement negotiations represent proactive steps. ‘The Global Gateway Initiative focuses on sustainable investments in key sectors, while the FTA negotiations aim to further integrate trade and investment between the two regions.’ [23]

Moreover, Europe can continue to function as a global economic influence through involved cooperation with emerging markets by gaining opportunities for technology, growing consumer bases as well as joint ventures. However, it is important for Europe to engage in its promotion of sustainable development and fair-trade practices through forums that lead to the reformation of global trade rules. In 2025, the European Investment Bank allocated €9 billion for projects outside the EU, focusing on infrastructure and digital connectivity in neighbouring regions, including North Africa. These investments aim to enhance regional trade and integration in line with the EU’s Global Gateway strategy [24].

5. Policy Recommendations

In the context of escalating geopolitical tensions and the imperative for strategic autonomy, the European Union (EU) must adopt a comprehensive policy framework to mitigate systemic risks and foster sustainable economic growth. This necessitates a multifaceted approach encompassing legislative initiatives, innovation ecosystems, sovereignty benchmarks, procurement strategies, and coordinated defence funding.

5.1. Development of EU-wide Innovation Corridors

To catalyse innovation and regional development, the EU should establish Innovation Corridors that integrate universities, startups, and industrial zones. These corridors would serve as hubs for knowledge transfer, fostering collaboration between academia and industry. By leveraging existing infrastructure and promoting cross-border partnerships, Innovation Corridors can enhance the EU's competitiveness in emerging technologies and support the scaling of innovative enterprises. Examples include the High Tech Campus Eindhoven [25] and Kennispark Twente [26] which have successfully fostered innovation ecosystems by connecting research institutions with industry partners.

5.2. Implementation of Digital and Green Sovereignty Targets

Mandating Digital and Green Sovereignty Targets within national economic plans is essential to ensure cohesive progress towards the EU's strategic objectives. These targets would encompass metrics such as domestic production of critical technologies, renewable energy adoption rates, and digital infrastructure development. By embedding these benchmarks into policy frameworks, Member States can align their efforts with the EU's broader goals of technological autonomy and environmental sustainability. However, it's crucial to balance these ambitions with industrial competitiveness, as highlighted by concerns over potential "industrial desertification" due to rigid green policies. [27]

5.3. Strengthening Public Procurement for Innovation (PPI)

Public Procurement for Innovation (PPI) serves as a pivotal instrument to stimulate market demand for innovative solutions. By prioritising procurement policies that favour novel products and services, the EU can incentivise research and development activities among enterprises. This approach not only accelerates the commercialization of cutting-edge technologies but also enhances the quality and efficiency of public services. The European Commission supports such initiatives through guidance and funding programs aimed at fostering innovation procurement practices. [28].

5.4. Coordination of Defence and Dual-Use Technology Funding

The integration of defence and dual-use technology funding across civil and military budgets is critical for the EU's strategic autonomy. By harmonising investments in dual-use technologies—such as artificial intelligence, cybersecurity, and advanced materials—the EU can optimise resource allocation and enhance interoperability among Member States. Initiatives like the European Defence Fund (EDF) and the Strategic Technologies for Europe Platform (STEP) exemplify efforts to bridge civilian and defence R&D, fostering a robust innovation ecosystem. [29]

In addition to these foundational strategies, the following detailed policy roadmap is proposed to reinforce Europe's economic sovereignty and enhance resilience across key sectors:

Figure 3. Strategy to Leading Europe Out of Crisis.

5.5. Legislative and Regulatory Actions

1. Create a European Internal Market Act 2026 based on previously discussed evidence from the European Single Market (2023) in order to successfully harmonise cross-border regulations, and eliminate service and labour mobility restrictions.

2. Finalize the Capital Markets Union in order to completely streamline cross-border investment, especially with provisions for green and digital transformative projects. As supported by the European Investment Bank Operational Plan

for 2025-2027: ‘Geopolitical uncertainty, rising trade tensions, and the spread of new technologies like generative artificial intelligence highlight the importance of investing in innovation, strengthening the value chain and securing the European Union’s energy supply.’ [24]

3. Expand the Important Projects of Common European Interest (IPCEI) framework to cover advanced manufacturing, critical materials recycling, biotechnology, and next-generation computing hardware. As Thierry Breton, the commissioner for the internal market said: ‘By investing in our innovative companies, we are investing in Europe’s technological and industrial leadership in semiconductors, as well as our security of supply and economic security.’ [30]

5.6. Strategic Investment and Funding

The EU should allocate at least EUR 1.5 trillion over 10 years through public-private mechanisms such as the European Sovereignty and Resilience Fund (ESRF), EIB-backed bonds, and structural funds.

Table 1. *Funds the EU should allocate towards public and private structures.*

Sector	Investment Target (EUR bn)
Green Energy	400
Digital & Cyber Infrastructure	250
Semiconductor Ecosystem	200
Smart Transport Networks	200
Healthtech & Biopharma	150
AI & Quantum Innovation	100
Defence & Aerospace	100
Circular Economy Systems	100

5.7. Labour, Demographic, and Inclusion Policies

1) Insert demographic resilience and digital transition objectives in all EU structural funds prioritizing skills development in critical sectors such as renewable energy, AI, and health technology. The EU is already taking steps towards the right direction, this is evidenced in the fact that several EU funding programs are available, offering resources for the development and implementation of digital health initiatives: EU4Health, Digital Europe Programme:, Connecting Europe Facility, Horizon Europe, Technical Support Instrument, Recovery and Resilience Facility (RRF), Structural Reform Support Programme, European Regional Development Fund (ERDF), and Just Transition Fund. [31]
2) Promote labour force participation through upskilling, lifelong learning, and inclusive workforce policies, with special focus on underrepresented groups and ageing workers. Nicolas Schmit, Commissioner for Jobs and Social Rights quotes that; "to alleviate labour shortages, it is essential to promote the labour market participation of underrepresented groups; to continue our skills development efforts; and to improve working conditions."[32]
3) Encourage selective, strategic migration aligned with identified sectoral labour shortages, while providing integration and language support services.

5.8. Fiscal and Monetary Policy Reform

Policymakers should design a package of complementary fiscal instruments—sizeable R&D credits, ITCs, green fiscal rules, and blended finance mechanisms—to overcome market failures and mobilize capital at scale.
Rigorous monitoring and periodic recalibration are essential to ensure cost-effectiveness, avoid windfall gains, and align incentives with evolving technology standards.

5.8.1. Reframe EU Fiscal Rules to Distinguish Between Consumption Debt and Investment-led Borrowing

Allow greater fiscal flexibility for Member States undertaking strategic, productivity-enhancing investments. As the ECB has argued, this would enable Member States to invest more confidently in long-term, productivity-enhancing priorities such as digital infrastructure and energy transition [3].

5.8.2. Adopt Fiscal Policies Incentivizing Long-term Productive Investment, Particularly in Sustainability-focused Projects and High-innovation Industries

Adopting fiscal policies that incentivize long-term, productive investment—especially in sustainability-focused projects and high-innovation industries—can strengthen economic resilience, accelerate the green transition, and foster technological leadership. These policies encompass targeted tax incentives, green fiscal rules, and coordinated public-private financing schemes, drawing on best practices and empirical evidence from OECD countries, IMF analyses, and World Bank interventions.

Sustainable and innovation-driven investments yield positive externalities for productivity growth, climate mitigation, and competitive advantage in global value chains [33].

Long-term horizons reduce uncertainty and align private returns with social benefits, addressing underinvestment due to market failures in R&D and environmental goods [34].

Fiscal incentives can correct for distortions that divert capital toward short-term financial assets, improving the allocation of global savings toward productive uses [35].

Develop a sovereign green bond framework to fund climate-related infrastructure and industrial projects at competitive rates.

Implementing a sovereign green bond framework enables governments to finance climate-related infrastructure and industrial projects efficiently. This framework not only mobilizes capital for environmental initiatives but also signals a nation's commitment to sustainable development and climate goals.

A sovereign green bond framework should align with internationally recognized standards, clearly define eligible green projects, such as renewable energy, clean transportation, and sustainable water management.

Collaborative efforts, such as Singapore's partnership with China's central bank to enhance green finance initiatives, highlight the importance of cross-border cooperation in developing effective green bond frameworks [36].

6. Conclusion

The employment of blanket tariffs as an economic policy tool is filled with risk. Even if the intent may be to protect domestic industries, experience teaches that this may lead to counter-measures, less global cooperation, and recession.

A new era of industry is unfolding, one based not on sheer scale but on sovereignty, innovation, and sustainability. This white paper proposes an agenda to make Europe a global leader in innovative, robust, and moral industry post-globalisation.

In a post-Trump era of fragmented global trade, Europe's strongest answer is unity, investment, and intra-Europeanism. By eliminating austerity and embracing coordinated public spending, Europe can cement its economic future in place, achieve energy independence, restore essential supply chains, and display global leadership not by depending on others but by showing resilience.

During geopolitical upheaval and economic disintegration, Europe's best defence is an offensive posture predicated on unity, innovation, and strategic autonomy. By investing in its internal market, encouraging innovation, and building diversified international alliances, Europe can transform the crisis in progress into one of sustainable development and increased global influence.

The strategic vision outlined here offers a path to developing a strong, sovereign, and forward-looking European economic system. Future policy must remain sensitive to technological change, demographic change, and shifting geopolitical realities to maintain Europe's competitiveness and social cohesion in the decades ahead.

Additionally, the EU’s green and digital agendas present unique opportunities. Aligning green investments with supply chain resilience initiatives can create an ethical cycle of innovation, employment, and sustainability within Europe, something which is incredibly important in times of economic crises. The EU’s recovery requires the acceleration of the twin green and digital transitions, so that we build a more sustainable and resilient society and economy. Industry is among the key drivers of this dual transition. [37]

Finally, a long-term view is essential. Economic sovereignty cannot be achieved solely through defensive measures. Proactive, innovation-led strategies, combined with openness to international collaboration, will ensure Europe’s leadership in shaping the future global economy.

Abbreviations

AI	Artificial Intelligence
ASEAN	Association of Southeast Asian Nations
CAP	Common Agricultural Policy
CMU	Capital Markets Union
ECA	European Court of Auditors
ECB	European Central Bank
EIB	European Investment Bank
EIC	European Innovation Council
ESM	European Stability Mechanism
ERDF	European Regional Development Fund
ESRF	European Sovereignty and Resilience Fund
EU	European Union
EU-MED	European Union - Mediterranean Region
FTA	Free Trade Agreement
GDP	Gross Domestic Product
ICT	Information and Communication Technologies
IPCEI	Important Projects of Common European Interest
MSME	Micro, Small and Medium Enterprises
OECD	Organisation for Economic Co-operation and Development
PPI	Public Procurement for Innovation
Q1	First Quarter
R&D	Research and Development
REPowerEU	EU Energy Independence and Climate Strategy Initiative
RRF	Recovery and Resilience Facility
SIA	Strategic Industries Act
SME	Small and Medium Enterprises
STEP	Strategic Technologies for Europe Platform
UN	United Nations
WTO	World Trade Organization

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Author Contributions

Maurizio Bragagni: Conceptualization, Formal Analysis, Methodology, Validation, Writing – original draft

Lorenc Xhaferraj: Formal Analysis, Investigation, Methodology, Project administration, Resources, Supervision, Validation

Conflicts of Interest

The authors declare no conflicts of interest.

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