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EU Open Strategic Autonomy:

Evidence on strategic dependences through trade and ownership linkages

Presentation by Filippo Bontadini

Global Value Chains, Strategic Dependencies, and Economic Security

July 14, 2026

EU Open Strategic Autonomy: Evidence on strategic dependences through trade and ownership linkages.

Filippo Bontadini
Joint work with Valentina Meliciani, Maria Savona, Ariel Wirkierman and Roberto Urbani

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Project: Politiche per la ristrutturazione delle catene globali del valore e la riduzione delle dipendenze strategiche

Motivation: Europe and Italy in a changing global economy

- Recent shocks have changed the policy debate on globalisation: COVID-19, the war in Ukraine, the energy crisis, tensions in the Middle East, and US–China–Europe trade tensions.
- The Italian and European policy debate increasingly focuses on strategic dependencies, open strategic autonomy, reshoring, nearshoring and friendshoring.
- For Europe and Italy, the key issue is not only whether production takes place abroad, but also who controls the firms that organise production.
- This is especially true for knowledge intensive and high tech industries, with bearing on the broader issue of technological sovereignty.

Why ownership matters

- Multinational enterprises produce across many countries, but they have an ultimate owner.
- Traditional trade and input-output measures attribute activity to where production takes place.
- Ownership-based measures can reveal dependencies that are invisible in purely geographical measures.
- For example, value added produced in Europe may be controlled by non-European firms.
- Equally, however, value added produced outside of Europe may be controlled by European firms.

Data: ICIO-AMNE

- The project uses ICIO-AMNE data, which combines inter-country input-output flows with information on firm ownership.
- It covers 76 economies, 41 industries over 2000-2023.
- To minimise fluctuations we focus on 4 periods: 2000-07; 2008-11; 2012-19; 2020-23.
- The data allow us to split inter-country and inter-industry flows by whether production is carried out by domestic or foreign-owned firms.
- This makes it possible to compare two concepts:
  - **Geography**: where value added is produced.
  - **Ownership**: who ultimately owns the firms producing that value added.

Illustrative example: Italian automotive

- Consider the Italian automotive sector, corresponding to motor vehicles in the ICIO industry classification.
- Under *geography* concept we ask: how much value added embodied in Italian automotive final demand is produced in Italy, in the rest of Europe, or globally?
- Under *ownership* concept we ask: how much of that value added is produced by Italian-owned, regionally (EU) owned, or globally (non-EU) owned firms?
- The same production flow can therefore be classified differently depending on whether we ask where production occurs or who owns the producer.
- By looking at the ratio of regional-to-global value added flows we can compute measures of *nearshoring*.

Research questions

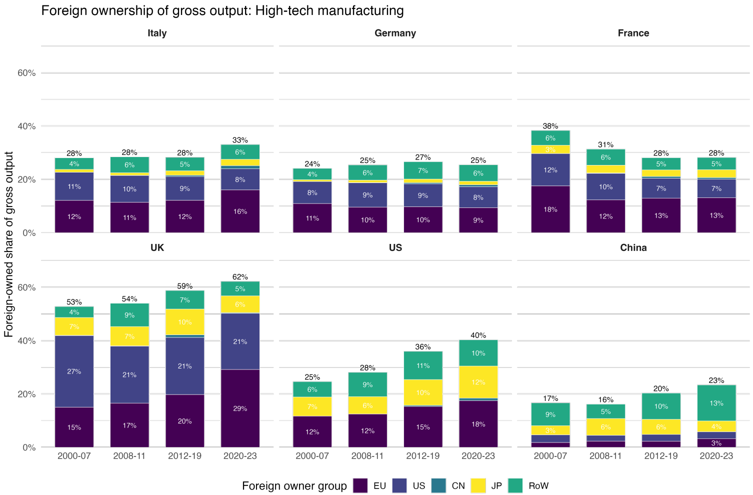
1. What is the ownership-based origin of gross output in Italy and other comparable economies?
2. Has there been a nearshoring of economic activity? Does the answer change under geography and ownership concepts?
3. How have macro-regions' market shares in supplied value added evolved over time under geography and ownership?

RQ1: Foreign ownership share of gross output

- European countries have higher foreign-owned gross output shares than the US and China.
- Between one half and one third of foreign-owned gross output comes from within Europe.
- The UK stands out for the highest penetration of foreign ownership in gross output, especially from the US.

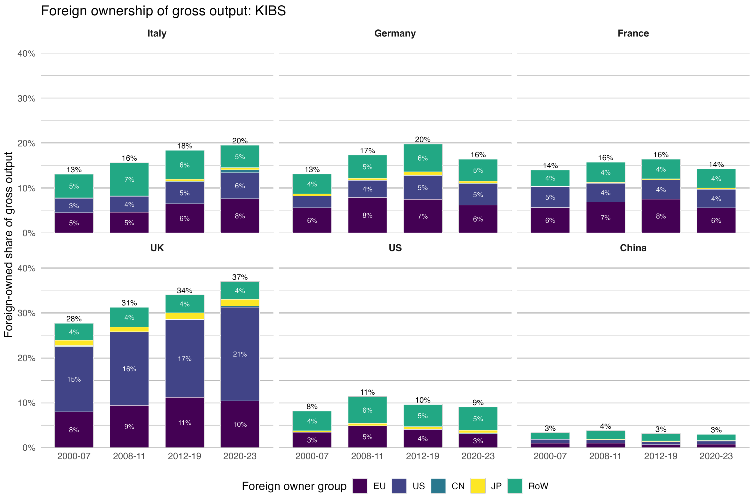
RQ1: Foreign ownership in high-tech manufacturing

- High-tech manufacturing has even higher foreign-owned gross output shares.
- The US and EU are now on a par in terms of foreign ownership of output; China remains below the others, while the UK is very high.
- EU and Japan are large suppliers in ownership terms of gross output.



RQ1: Foreign ownership in KIBS

- KIBS foreign ownership is dominated by EU and US owners across countries.
- Foreign shares are lower than in high-tech manufacturing but still above the total economy average.
- High-tech and knowledge-intensive sectors show higher foreign ownership penetration.



Domestic, regional and global value-added sourcing

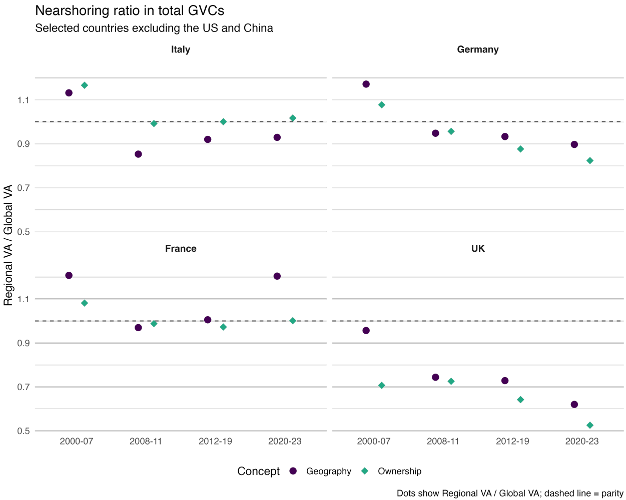
- For each GVC producing a final good or service, value added can be classified as:
  - **Domestic**: supplied by the GVC's country of completion.
  - **Regional**: supplied by countries in the same macro-region.
  - **Global**: supplied by countries outside the macro-region.
- The same classification can be performed by geography or by ownership.
- Nearshoring is summarised with:

$$\text{Nearshoring ratio} = \frac{\text{Regional foreign VA}}{\text{Global foreign VA}}.$$

- Values above one imply regional sourcing is larger than global sourcing.

RQ2: Nearshoring ratio, total economy

- Continental Europe is very regionally integrated; IT and FR show some nearshoring, while DE and UK are on opposite trajectory
- Italy's and EU's high-tech nearshoring is weaker in ownership than geography terms, non-European ownership of Europe-based high-tech production.
- EU KIBS are strongly regional ($\neq$ *UK*), especially by ownership, but this advantage has been declining



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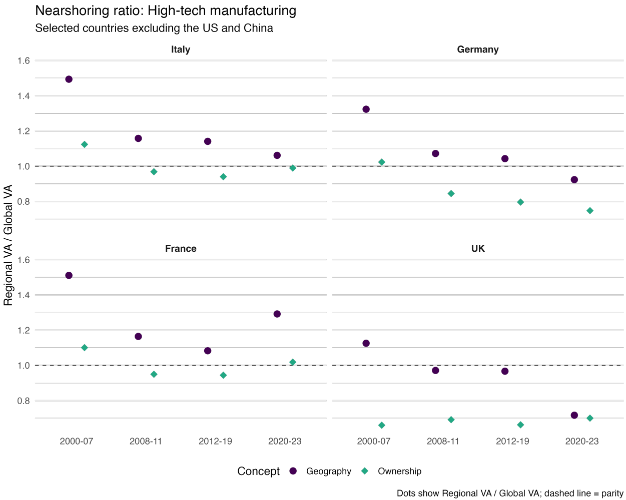

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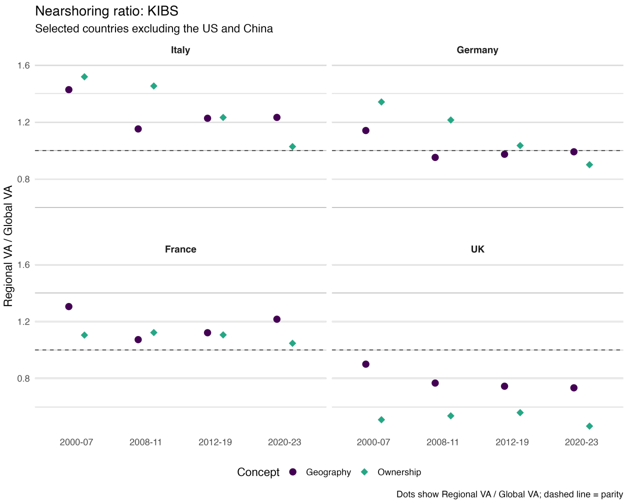


Italy: ownership and geography tell different stories

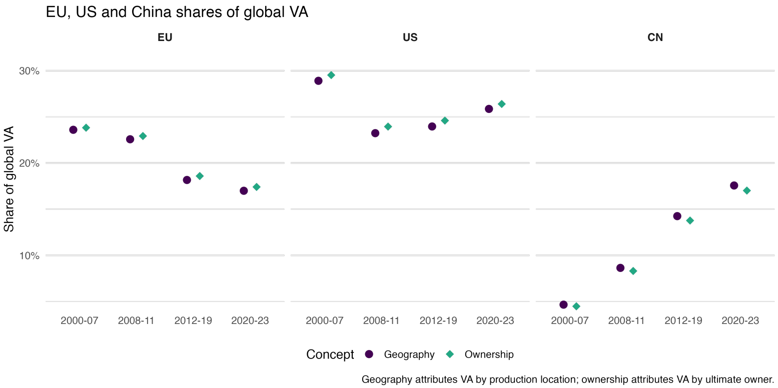
- **Total economy**: Italy is regionally integrated under both concepts, but the ownership-based nearshoring ratio is stronger than the geography-based one. Italian GVCs source a lot from Europe geographically, but an even larger share of foreign value added is controlled by European-owned firms.
- **High-tech manufacturing**: Italy does not show a clear nearshoring trend over time. In geography terms it still has more regional than global foreign value added, but in ownership terms this advantage weakens as a growing share of high-tech final goods are produced within Europe but by non-European firms.
- **KIBS and services**: Italy remains strongly regional in geography terms, and even more so in ownership terms, although this is no longer true in 2020-23. This points to rising non-EU ownership even inside European services.

RQ3: Macro-regions as suppliers of global value added

- Using ICIO-AMNE data we can also look at the share of value added supplier by individual countries and regions.
- Under the *geography* concept, supplier shares are attributed to the country or region where value added is produced.
- Under the *ownership* concept, the same value added is reallocated to the ultimate owner country or region.
- This yields a market-share interpretation for the EU, US and China as suppliers of value added.
- We focus here on the EU as a whole to make shares comparable with US and China, whose economies are much larger than any EU economy taken individually.

RQ3: EU, US and China shares of global value added

- At the total-economy level, the EU share of value added has declined, the US has plateaued and China has been rising.
- This is especially true for high-tech manufacturing: China has become the largest supplier in geography terms, but less so in ownership terms.
- For KIBS, the US share has increased, while the EU is still declining and China is rising.



RQ3: Supplier shares in high-tech manufacturing

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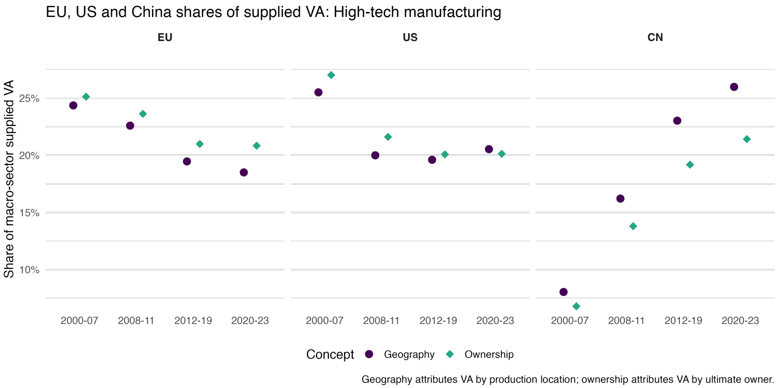

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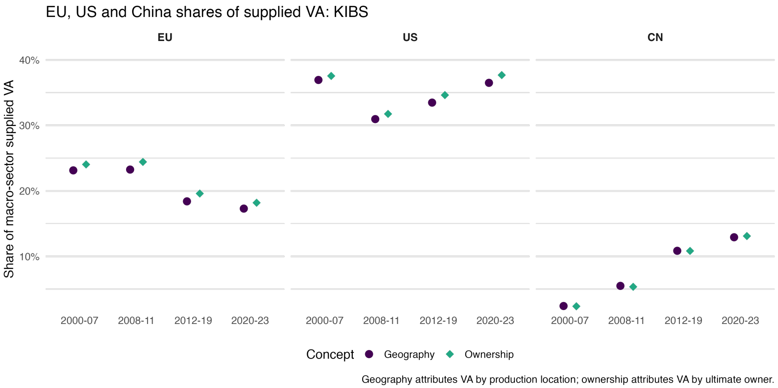


Takeaways

- Ownership changes how we measure exposure to foreign production and strategic dependence.
- These distinctions are directly relevant for European and Italian debates on open strategic autonomy and global value-chain restructuring.
- Nearshoring in EU is happening more in geography than ownership terms, especially in knowledge and tech intensive sectors.
- The EU's global share as a supplier of value added is decreasing regardless of whether we look at ownership or geography,
- China is taking over high-tech manufacturing, while US retain leadership in KIBS.
- There is therefore a tension between nershoring on the sourcing side and a contration of the EU's role as global supplier of value added.

Thank you for your attention

fbontadini@luiss.it

leap@luiss.it

Appendix: Nearshoring ratios including US and China

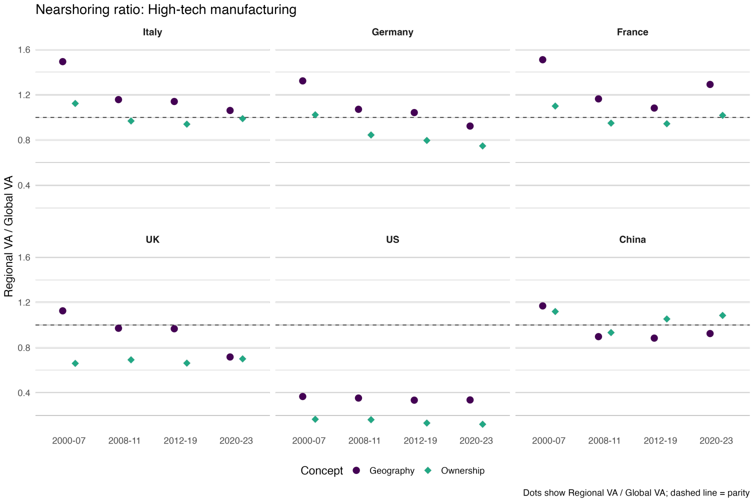
- The main RQ2 slides focus on Italy, Germany, France and the UK.
- The appendix reports the corresponding figures including the US and China.
- This makes the comparison with non-European economies explicit while keeping the main text focused on Europe.

Appendix: Nearshoring ratio, total economy

- Italy and France have been doing some nearshoring in both geography and ownership terms.
- Italy more so in ownership than geography terms, unlike France, the UK and Germany.
- Continental EU countries are much more regionally integrated than the UK, China and, especially, the US.

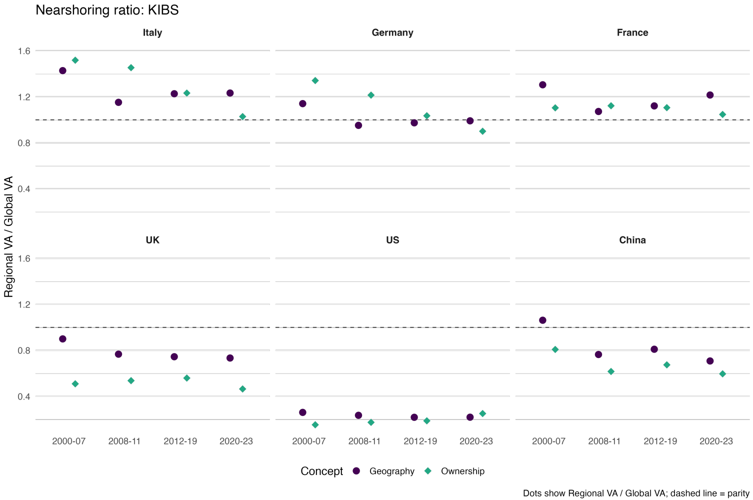
Appendix: Nearshoring ratio, high-tech manufacturing

- Italy has not been nearshoring, although in level terms it still has more regional than global value added.
- This is not the case in ownership terms, following a pattern similar to France and Germany.
- China is the only country with more regional sourcing in geography than in ownership terms, reflecting the presence of non-Asian MNEs in Asia.

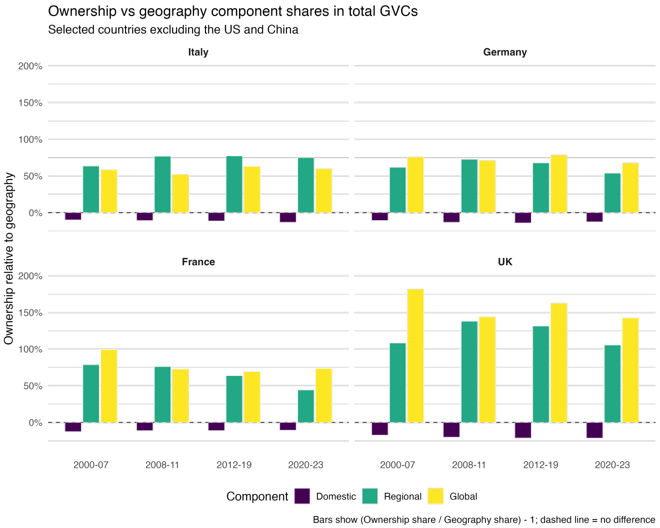


Appendix: Nearshoring ratio, KIBS

- For services, EU countries consistently have more regional than global value added.
- In ownership terms this is even stronger, unlike non-EU countries, pointing to strong EU-MNE integration.
- The trend has been decreasing, even swapping by 2020-23, signalling a growing presence in Europe of non-EU MNEs.



Appendix: Ownership vs geography concepts



Appendix: Macro-sector classification

Macro sector	**ICIO industries included**
Low-tech manufacturing	C10T12 food, beverages, tobacco; C13T15 textiles, apparel, leather; C16 wood; C17T18 paper and printing; C31T33 furniture, other manufacturing and repair.
High-tech manufacturing	C20 chemicals; C21 pharmaceuticals; C26 computers, electronics and optical products; C27 electrical equipment; C28 machinery and equipment; C29 motor vehicles; C30 other transport equipment.
Knowledge-intensive business services (KIBS)	J58T60 publishing, audiovisual and broadcasting; J61 telecommunications; J62T63 IT and information services; K64T66 finance and insurance; M69T75 professional, scientific and technical activities.
Low knowledge-intensive services	G45T47 wholesale and retail trade; H49 land transport; H52 warehousing and support transport; H53 postal and courier; I55T56 accommodation and food; L68 real estate; N77T82 administrative and support services; S94T96 personal and community services.

Source: Eurostat high-tech industry and knowledge-intensive services classification. Explicit NACE Rev.2 lists are reported in Annex 3: `https://ec.europa.eu/eurostat/cache/metadata/Annexes/htec_esms_an_3.pdf`. ICIO sectors are more aggregated than NACE Rev.2 two-digit sectors, so the mapping is approximate.