

EU economic security

Abstract

Globalization has undermined the traditional definition of economic security that centered on economic vulnerability to other states. At the same time, globalization has produced a redefinition of economic security. New risks are posed by cross-border networks of non-state actors and by the economic volatility of the new global environment. Economic security is also being put at risk due to some major changes in the world economic order following the impact of the financial crisis since 2008. For instance new risks are related to the BRICs being considered competitors rather than responsible strategic partners. Strategically relevant M&A decisions, trade deficits, external debt positions, competitive devaluations, non-performing loans, weak financial systems, aggressive tax avoidance policies by MNEs, dumping practices, broad trade agreements and a growing role of the organized crime in illicit cross-border economic and financial transactions may also be considered serious threats to national and EU economic security. More international cooperation, synergies and collective responses are needed to cope with these global threats. Institutions can offset economic insecurity through the provision of insurance, shoring up policy credibility, and guiding adaptation to the new environment. National institutions will remain central to the provision of economic security under conditions of globalization.

Economic security can be measured at two different levels: at “micro” level (i.e. at individual/family/enterprise level) and at global, “macro” level (as a key aspect of international economic and political relations and international law). From the first viewpoint international economic, social and cultural rights focus on right to work, equal pay for equal work, right to just and favourable condition of work, trade union right, social security, right relating to the protection of family, right to health, right to adequate standard of living, right to education, right relating the protection of culture and science. It makes prohibition of all the discrimination on the bases of caste, colour, creed, sex, religion.

From a latter viewpoint economic security at country, region or global level falls under the responsibility of economic diplomacy actors, including regional and international organizations and fora (G-7, G-20 etc). National, regional and global institutions can complement one another in their alleviation of the new economic insecurity. New regional alternatives have emerged that promise to work out new modalities (and indicators) of economic security.

Economic security is closely related to the notion of economic stability, economic predictability, economic equity and justice under national or international law. It is closely related to development, economic growth, social inclusion, shared economic and social valued and welfare improvements.

Economic security is now being systematically included in national and global security policy agenda on account of the fact that new economic security threats may bring about socio-economic instability and other negative spill-over effects or externalities such as systemic crises, economic or trade disruptions, retaliatory trade measures, trade disputes and even conflicts.

When Europe addresses economic security issues, it needs to define its strategic “economic goods” and identify how to protect/ strengthen its economic security at EU level. Firstly, EU strategy would need to complement actions carried out by each EUMS, following the principle of subsidiarity. Secondly, it would be necessary to distinguish between actions which should be implemented by public powers, State interventions and public finance (to offset perceived market failures or gaps) and actions which can be implemented by the private sector (including investors, bankers, NGOs, non- State actors, enterprises etc).

From an EU perspective, economic security is now fully incorporated in the new EU global security, resilience concept. As EU operates in open market and global integrated economic structures and given that EU enterprises are actively involved in global supply chains, EU economic vulnerability is increasing.

Against this background EU economic security strategy addresses issues which are strategically relevant from a European collective viewpoint. These include EU energy dependency, protection of physical strategic infrastructures, access to raw materials and basic commodities, freedom of sea and air routes, environmental protection and climate change, migrations, the fragility of the EU financial system, impact of BREXIT, more effective developing policies etc. More complex cases such as the future of EU trans-Atlantic relations, the future evolution of EU-China economic and trade relations, sanctions to Russia and economic and political stabilization and economic reconstruction/transformation of the EU Neighbourhood also need to be dealt with.

The presentation will focus on EU programmes and instruments aimed at protecting EU economic security (antidumping actions, the strategic investment plan for sustainable development, restrictions, safeguard clauses, mutually advantageous market access clauses etc) or enhancing it (incentives such as Erasmus mundus, EIB loans, GSP+, unilateral trade concessions such as EBAs on behalf of the Least developing countries). Coherence needs to be achieved between internal and external policies, programmes and instruments. EEAS is in charge of it.

These measures also include the reform of EU economic governance and the ECFIN package (Dec 2017), addressing the euro-zone crisis, finalizing the EU Banking Union and Capital Market Union, strengthening EU regulatory frameworks and banks’ supervision mechanisms, finalizing trade and cooperation / strategic partnership agreements, implementing Digital Europe, Innovation Union, connectivity/networking strategies and addressing structural imbalances.

The Commission has also created an “Economic Diplomacy” Task Force in charge of strengthening the EU engagement with investors, enterprises, the economic and business community and other bilateral and international donors in third countries. EU Delegations are in charge of policy implementation and business dialogues at local level. A special focus is being put on EU economic, trade and security relations with the BRICs (and in particular India and China).

The EU contribution to the strengthening of the global economic governance will also be briefly discussed. The new MFF 2021-2027 will be commented and the presentation will assess to what extent the EU medium-term programming takes into account EU concerns in the field of economic security.

European economic security , national and mutual interests are also taken into consideration while negotiating EU FTAs with partner countries. In this respect EU seeks to avoid the risk that legitimate economic security concerns are perceived as a thinly veiled cover for protectionism. The recent EU decision to create an FDI screening mechanism at national and EU level is coherent with the need to protect national interest, EU security and EU strategic priorities and interests.