

European Economic Security Strategy

Background:

In a global environment which is becoming incessantly unpredictable, it is important for the EU to have a comprehensive strategic approach to safeguard economic growth and stability, to reduce the susceptibility to shocks, and to remain avant-garde in technological and innovational fields. Beyond the recent Covid-19 pandemic and the climate change challenge, the EU also faces threats from other global competitors that often embrace different values and practices of doing business that put the European competitiveness and role in the world at risk.

As such, the [European Economic Security Strategy](#) (EESS) was proposed in 2023 by the European Commission, as a pre-emptive course of action to the increasingly hostile geopolitical climate.

Strengthening the competitiveness of the European economy

Firstly, the Communication aims to formulate a **strategy which strengthens the competitiveness of the European economy**, with the aim of making it more resilient to unprecedented economic shocks, both symmetrical and asymmetrical. This increased competitive edge of the Single Market will be achieved by fostering technological advancements within crucial industries, while also leading the innovation race for newly emerging industries such as artificial intelligence (AI), cybersecurity, internet of things (IoT), augmented reality (AR), space exploration, nanotechnology, semiconductors, amongst others. The EESS will complement ongoing EU initiatives on the above-mentioned areas, namely the [EU Industrial Strategy](#), the [European Chips Act](#), the [Critical Raw Materials Act](#), among others. Moreover, this strategy will strengthen existing instruments, all of which contribute to a more digital, resilient, and sustainable European economy, such as [the Single Market Emergency Instrument](#), the [Capital Market Union](#), and the [Strategic Technologies for Europe Platform \(STEP\)](#).

Identifying Economic Security Risks

The second pillar of initiatives will be the application of a broad set of risk assessments, to make the EU more prepared and resilient to economic risks. The spectrum of potential risks is wide, ranging from supply chain (especially food and energy security), physical and cybersecurity of critical infrastructure, technology and research security,

and the potential weaponization of economic dependences or economic coercion by global suppliers.

The strategy will seek to **enhance the Member States' ability to utilise protection methods to reduce economic risks**, such as trade defence, 5G/6G security, foreign subsidies, and Foreign Direct Investment screening. Simultaneously, the EU toolkit will also be reviewed and developed where necessary to ensure its alignment with the global standards, especially those related to military applications.

In order to empower a safer trading environment, a set of instruments will also be engaged and further developed, such as the [Trade Defence Instrument](#), the [EU Anti-coercion Instrument](#), the [Toolkit on Tackling Foreign R&I Interference](#), and the [5G Toolbox](#). The EU will also be ensuring that European technology which is critical for military and intelligence capacities does not end up in the possession of hostile actors, which may use it to undermine European safety.

Ongoing initiatives

Export Controls

In January 2024, the Commission published a '[White Paper on Export Controls](#)', proposing short and medium-term actions to increase the monitoring of the exportation of certain dual-use goods which can be applied for both civilian and military purposes. Such goods are not only critical to the European economy, but also pose a risk to the EU if they are exported beyond its borders, to potentially hostile international actors. This White Paper aims to create a harmonised export-screening system on the dual-use goods within the EU, to bypass the regulatory-blockage imposed by certain Member States. The proposed measures are aligned with existing rules at EU and multilateral level.

As part of the strategy's focus of monitoring dual-use goods, the Commission will be evaluating the current [EU Dual-Use Regulation](#) in 2025. This Regulation establishes a framework for controlling the export, transit, brokering, technical assistance and transfer of dual-use items. These are items with dual-use applications that could also be used for the production of weapons of mass destruction.

Screening Outbound Investment

Recognizing the potential misuse of technology by actors detrimental to international security, the EU seeks a "holistic approach" to strategic trade and investment controls. In order to explore 'outbound investment control' systems and strengthen the collaboration between Member States to prevent sensitive technology leaks, the Commission issued a White Paper on Outbound Investments, in January 2024.

The paper acknowledges that currently, the EU lacks a comprehensive framework to effectively assess and address these security risks. Additionally, existing data on outbound investments is not detailed enough to pinpoint specific areas of concern, making it difficult to identify at-risk investments and implement targeted measures accordingly.

The Paper proposes a multi-stage approach to address these existing shortcomings. A public consultation is open until April 2024 to gather feedback from stakeholders on the proposed plan for monitoring and risk assessment of outbound investments.

Furthermore, Member States, together with the Commission, will carry out a monitoring exercise focusing on various types of investments. The focus will be on:

- Direct and indirect investments.
- Specific sectors namely: advanced semiconductors; artificial intelligence; quantum technologies; and biotechnologies.
- Additionally, Member States can choose to monitor research cooperation and personnel mobility in these critical technology areas.

Based on the information gathered through monitoring, Member States will undertake a risk assessment to identify potential security risks associated with the identified outbound investments. The aim is to develop a common methodology for this risk assessment, ensuring consistency across all Member States.

Seeking Partnerships & Economic Alliances

International collaboration and unity are key. **The EU must look outwards for partnerships with nations that share the same set of values, global concerns, and economic interests.** This broadened collaboration will reinforce economic security through diversifying supply chains which are resilient and sustainable, while also bolstering a rules-based economic order.

Therefore, the EESS will work in tandem with other EU initiatives such as the [Global Gateway](#), [NextGenerationEU](#), and [Cohesion Funds](#) investments to secure critical infrastructure and global supply chains. Looking outwards, the strategy will pursue closer ties with long-standing and like-minded partners, such as the G7 nations, and developing countries from South America and Africa. The EU is also looking eastwards, for partnerships with countries in the Middle East, India, Taiwan, Thailand, and others. These ties can take multiple different forms, spanning from Free Trade Agreements, to ‘[Digital Partnerships](#)’ and ‘[Green Alliances](#)’. Some recent examples include the [2022 EU-Japan Digital Partnership](#), the [2023 EU-Canada Green Alliance](#), and the [EU-Norway Green Alliance](#) in the same year. These facilitate supply-chain diversification, business de-risking, and international cooperation on social and environmental sustainability initiatives with third countries.

Aside from the above, the strategy will also engage closely with the private sector to garner a realistic and relevant understanding of the modern economic risks, while encouraging them to implement due diligence and risk management techniques to increase resilience. The EU will also seek to identify specific support for the R&D of dual-use technologies, such as AI, advanced semiconductors, Quantum, among others, while also increasing ‘research security’ through rigorous enforcement of existing tools and a review of remaining gaps. EU economic security will also be reinforced by the tailored use of [CFSP instruments](#) and the [EU Single Intelligence Analysis Capacity](#).

Links to more information:

[Joint Communication to the European Parliament, the European Council, and the Council | European Commission \(europa.eu\)](#)

[Communication from the Commission to the European Parliament and the Council | European Commission \(europa.eu\)](#)

Disclaimer: This is a policy brief to create awareness about the legislative proposal and for information purposes. It is not an official position of the Malta Business Bureau.

For questions or more detailed information please contact EU Affairs Manager Daniel Debono and Policy Advisor Michele Agius on infobrussels@mbb.org.mt

The Malta business bureau is the EU advisory organisation of;



and a partner of the Enterprise Europe Network;

