



NAVIGATING UNCERTAINTY: THE EU'S ECONOMIC SECURITY IN AN ERA OF GEOPOLITICAL RIVALRY

5 March 2025

EUROPEUM

EUROPEUM Institute for European Policy is a non-profit, non-partisan and independent think-tank focusing on European integration and cohesion. **EUROPEUM** contributes to democracy, security, stability, freedom, and solidarity across Europe as well as to active engagement of the Czech Republic in the European Union.

EUROPEUM undertakes original research, organizes public events and educational activities, and formulates new ideas and recommendations to improve European and Czech policy making.



**Co-funded by
the European Union**

On **March 5th**, the **Brussels Office of EUROPEUM** representing the **Think Visegrad Platform** co-organised with **SWP Brussels** – Stiftung Wissenschaft und Politik organised a roundtable discussion entitled, **Navigating Uncertainty: The EU's Economic Security in an Era of Geopolitical Rivalry**. The event took place at the Résidence Palace, Rue de la Loi, with a participation of 16 experts. The aim of the discussion was to explore how the new European Commission can develop a **cohesive and proactive economic security strategy** to enhance the EU's resilience and competitiveness amidst intensifying geopolitical and economic challenges.

Discussion

The discussion commenced with an analysis of the geopolitical liabilities arising from major economic security concerns regarding the US, and their implications for the EU's strategy. According to the Commission's Economic Security Strategy of June 2023 the EU's approach has sought to balance economic openness with risk management. While the initial focus was primarily on China, recent developments have brought the US into consideration. The challenges in swift and effective implementation of the EU's economic security strategy were noted, with key practical steps including strategic partnership agreements such as the EU-Japan agreement on cross-border data flows, reducing investment barriers in critical sectors such as clean technology, and addressing China's technology transfer demands in exchange for battery production subsidies.

The discussion commenced with an analysis of the geopolitical liabilities arising from major economic security concerns regarding the US, and their implications for the EU's strategy. According to the Commission's Economic Security Strategy of June 2023 the EU's approach has sought to balance economic openness with risk management. While the initial focus was primarily on China, recent developments have brought the US into consideration. The challenges in swift and

effective implementation of the EU's economic security strategy were noted, with key practical steps including strategic partnership agreements such as the EU-Japan agreement on cross-border data flows, reducing investment barriers in critical sectors such as clean technology, and addressing China's technology transfer demands in exchange for battery production subsidies.

Following the opening remarks, another speaker highlighted three key points. Firstly, the speaker emphasised a strategic culture (not just a communication strategy) and a common political discourse across all 27 member states, reconnecting with the EU's foundational goal of transforming economic relations into a mutually beneficial framework. Secondly, the speaker emphasised the importance of this event's structure, featuring perspectives from Germany as well as Central and Eastern Europe (CEE), noting that economic security has been conceptually neglected due to Germany's narrow focus on trade and the single market. Finally, the speaker highlighted the securitisation of the global economy, where value chain integration, trade interdependence, and innovation (the "three Is") are weaponised to limit policy choices. Despite existing EU institutions and measures like the anti-coercion instrument and FDI recommendations, Europe remains underprepared and must broaden its economic security strategy to address evolving vulnerabilities.

Despite existing EU institutions and measures like the anti-coercion instrument and FDI recommendations, Europe remains underprepared.

The EU has achieved moderate success in reducing economic dependence on Russia.

Bridging the conversation to energy security, the speaker highlighted that energy is the foundation of economic stability and, therefore, central to economic security. A key conclusion was that the energy relationship between the EU and Russia has been marked by asymmetrical interdependence, favouring Russia. In response, the EU has implemented various measures, including security of supply regulations, the development of a single

market for energy, and significant investments under the Green Deal. Unlike broader economic security, energy security is more achievable due to the sector's highly regulated nature and strong institutional oversight. However, lessons from energy security can still inform broader economic security strategies, provided the inherent limitations are acknowledged, particularly the narrower sectoral focus. The EU has achieved moderate success in reducing economic dependence on Russia, with some sectors undergoing a radical decoupling, while others have taken a more gradual approach.

The speaker then addressed the limitations of the EU's decoupling efforts, particularly the challenges posed by sanction-circumvention and the constraints of the EU's economic influence. A key point of discussion was the need to align strategic cultures and interests in the process of de-risking from Russia. However, the speaker argued that applying the term "de-risking" to the US, a long-standing partner and ally, was premature and counterproductive. While economic and defence ties between the EU and the US remain relatively symmetrical, other factors, such as military security and digital dominance, create asymmetries that necessitate creative and constructive solutions. Rather than aligning with a broad de-risking strategy against the US, the EU should explore alternative approaches to safeguarding its economic security while maintaining a strong transatlantic partnership.

The discussion also touched upon how the EU is refining its economic security policies, with a working group (economic security and trade) set to establish the Council's position soon. Key priorities include balancing institutional coordination with national sovereignty and updating the 2019 framework for a more strategic use of tariffs by July 2025. However, fragmented governance remains a challenge, as Ministries of Foreign Affairs, Ministries of Defence, and Ministries of Economy with limited coordination. A cohesive strategy requires stronger internal

alignment, public-private trust, and national frameworks that can be scaled up to the EU-27.

The discussion shifted to China's strategic approach toward the EU, framing China as an emerging empire with ambitions beyond hegemony. Unlike Russia's overt expansionism, China exerts influence through subtler economic and political means, raising concerns that Europe could become a battleground for imperial aspirations. While China remains wary of EU policies aligning with the US, a second Trump administration could open space for a more pragmatic rapprochement. This shift is evident in the von der Leyen Commission's softened tone on China.

China exerts influence through subtler economic and political means, raising concerns that Europe could become a battleground for

Economically, the EU could benefit from reviving the stalled EU-China Comprehensive Agreement on Investment (CAI) to address market access and industrial capacity challenges. Meanwhile, China continues to sidestep the Ukraine conflict, viewing it as an issue for the US while prioritising economic ties with Europe.

The moderator then referenced the Draghi report's warning about the EU's innovation gap with the US and China and asked about the role of CEE. A speaker suggested that while the US is not a security threat like China, transatlantic tensions are more familial than truly adversarial. They questioned the EU's ability to meet a 5% GDP defence spending target, emphasising the need for real physical capabilities over rhetoric and strategy. The discussion also highlighted Europe's imbalanced trade with China, where restricted market access and high government subsidies hurt sectors like automobiles. China's support for Russia complicates matters, benefiting

China's support for Russia complicates matters, benefiting Beijing amidst Europe's conflict with Russia.

Beijing amidst Europe's conflict with Russia. Given the EU's limited economic autonomy, a more strategic, nuanced approach is necessary, especially for Eastern Europe, where decoupling from the US is impractical.

The discussion then highlighted divergent perspectives within CEE, referencing Viktor Orbán's January 2025 speech on a 'Grand Offensive' against Brussels. The moderator questioned how such dissonance affects EU strategic autonomy, and the impact of the second Trump administration on CEE. While Trump views Orbán as an ally, he lacks understanding of Hungary's geopolitical role, making special

**While Trump views Orbán
as an ally, he lacks
understanding of
Hungary's geopolitical role,
making special treatment**

treatment unlikely. Indeed, Slovakia and Hungary, both reluctant to reduce Russian energy dependence, are the most vulnerable to US tariffs. Both countries attract significant Chinese investment, including the Belgrade-Budapest railway and Hungary's Rosatom nuclear reactor, raising concerns about alignment with European interests due to a lack of EU oversight.

A speaker then emphasised that the notion of economic security goes beyond anti-coercion, extending to declining industrial output. During the Polish Presidency of the EU Council, the holding of informal trade and industry meetings (for the first time in EU history) highlighted the need to align trade and industrial policies for greater efficiency in areas like trade defence and anti-dumping.

The discussion then addressed the underinvestment in defence and the private sector's hesitation to commit long-term without clear government signals. The private sector requires sustained commitments, and efforts such as the European Defence Industrial Strategy and Programme aim to define investment modalities and funding allocation. Establishing a solid framework is expected to encourage further dialogue. Additionally, building European defence value chains that

integrate SMEs across the continent is crucial to ensuring a balanced and inclusive approach to defence and security.

A key point raised was the need to reform the EU's investment screening mechanism by making it binding at the EU level. However, this requires member state agreement, and countries like Germany view investment screening as a national security matter under their jurisdiction. Striking a balance between necessary regulation for national security and avoiding overregulation that could deter investment remains a critical challenge.

The moderator then questioned how economic and security actors within EU institutions could collaborate more effectively. The working relationship between parliamentary committees such as AFET (Foreign Affairs) and INTA (International Trade) was discussed, with a focus on how their cooperation could be further institutionalised. Implementation remains a major challenge due to a lack of political will, with countries like Slovakia and Hungary spreading Russian propaganda narratives. In some cases, Chinese and Russian investments are seen as alternatives to Western and EU structural funds, particularly in Hungary, where some EU funding remains suspended. Given the complexity of investment screening, the EU could benefit from NATO's methodologies and frameworks for security tasks. A coordinated EU-level response is needed, as national-level action alone is insufficient, highlighting the importance of an economic security coordination platform between NATO and the EU.

**EU's Global Gateway
Initiative would carry
symbolic weight.**

To conclude, the moderator asked speakers for key recommendations to strengthen EU economic security. One speaker emphasised the potential of the EU's Global Gateway initiative, especially as USAID retrenches. Using this instrument would carry symbolic weight, and the EU should assess whether cooperation with Chinese companies on global development projects is viable.

Another speaker stressed the need to counter propaganda campaigns, not only Russian narratives about Ukraine but also anti-EU messaging specifically targeting Brussels. Establishing a counter-narrative and enhancing public communication about EU benefits, such as trade and labour mobility, was seen as essential. For instance, 80 % of Slovak exports go to EU member states, and 450,000 Hungarian citizens live and work in other EU countries. These facts are often undercommunicated. Ultimately, the discussion concluded that safeguarding critical infrastructure should be a top priority in bolstering the EU's economic security.