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# Progress and Gaps in EU Economic Security Policies

## Presentation by André Wolf

## Global Value Chains, Strategic Dependencies, and Economic Security

July 14, 2026


# Progress and Gaps in EU Economic Security Policies

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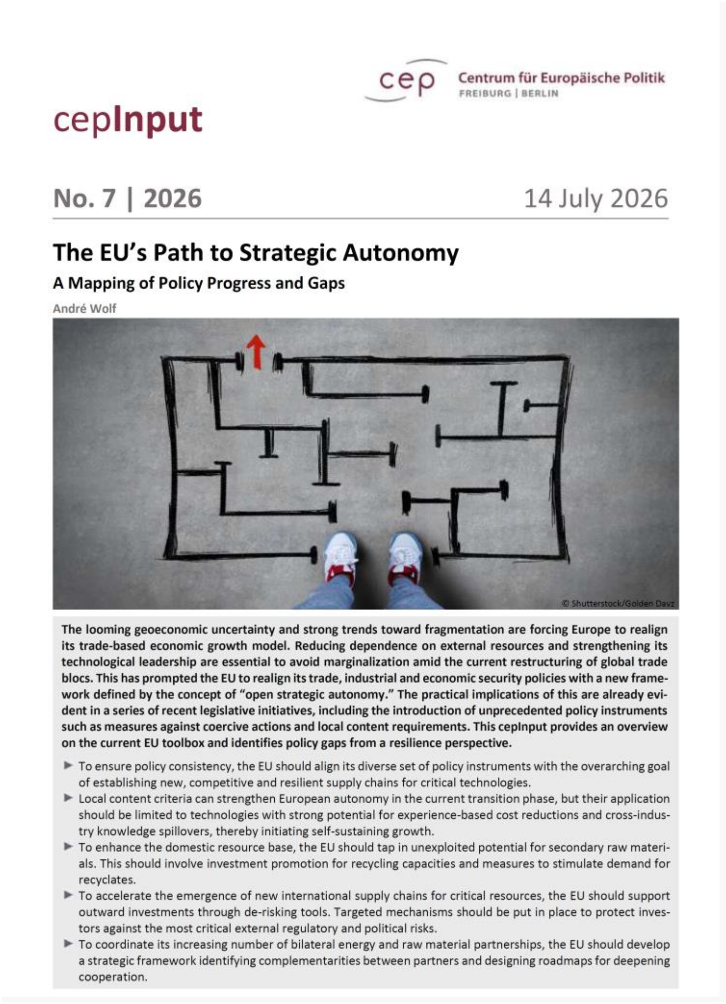
# The Centre for European Policy (cep)

- International network of scientific Institutes analyzing EU policies from the perspectives of economics and law (www.cep.eu)
- Regular evaluation of recent EU policy proposals and design of own policy strategies
- Role of cep in the project: Preparation of a Policy Brief on the EU's political response to strategic dependencies
  - Mapping of EU policies related to the paradigm of Open Strategic Autonomy
  - Discussion of trade-offs between OSA and other EU goals
  - Identification of policy gaps from a resilience perspective



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**The EU's Path to Strategic Autonomy**

A Mapping of Policy Progress and Gaps

André Wolf

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**The looming geoeconomic uncertainty and strong trends toward fragmentation are forcing Europe to realign its trade-based economic growth model. Reducing dependence on external resources and strengthening its technological leadership are essential to avoid marginalization amid the current restructuring of global trade blocs. This has prompted the EU to realign its trade, industrial and economic security policies with a new framework defined by the concept of "open strategic autonomy." The practical implications of this are already evident in a series of recent legislative initiatives, including the introduction of unprecedented policy instruments such as measures against coercive actions and local content requirements. This cepInput provides an overview on the current EU toolbox and identifies policy gaps from a resilience perspective.**

- To ensure policy consistency, the EU should align its diverse set of policy instruments with the overarching goal of establishing new, competitive and resilient supply chains for critical technologies.
- Local content criteria can strengthen European autonomy in the current transition phase, but their application should be limited to technologies with strong potential for experience-based cost reductions and cross-industry knowledge spillovers, thereby initiating self-sustaining growth.
- To enhance the domestic resource base, the EU should tap in unexploited potential for secondary raw materials. This should involve investment promotion for recycling capacities and measures to stimulate demand for recyclates.
- To accelerate the emergence of new international supply chains for critical resources, the EU should support outward investments through de-risking tools. Targeted mechanisms should be put in place to protect investors against the most critical external regulatory and political risks.
- To coordinate its increasing number of bilateral energy and raw material partnerships, the EU should develop a strategic framework identifying complementarities between partners and designing roadmaps for deepening cooperation.

# The Changing Risk Landscape in International Trade

## New Topography of Trade Risks

**Int. trade in goods**

- Growing supply concentration of critical imported inputs
- Unfair competition on export markets (third country subsidies)
- Trade as source of political blackmailing (economic coercion)
- Technology leakages

European Supply Chains

**Int. capital flows**

- Foreign control of key companies (strategic FDI)
- Technology leakages
- Loss of human capital

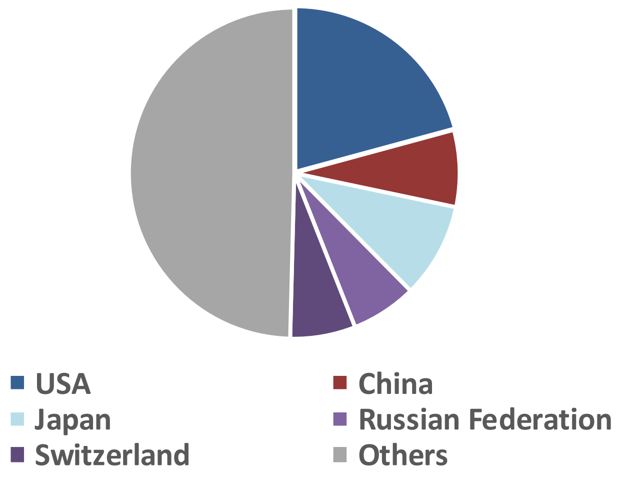
**Int. R&D cooperation**

- Risk of market concentration through joint ventures
- Technology leakages
- Loss of human capital

**Security of trade-relevant physical infrastructure**

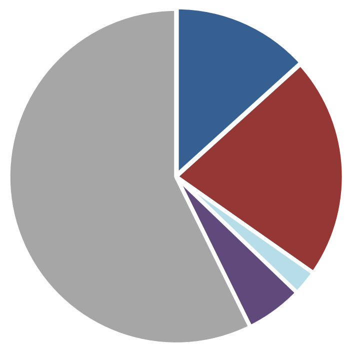
- Physical attacks on infrastructure (e.g undersea cables, pipelines)
- Cyberattacks (ICT, energy networks)
- Blockage of transport routes due to regional warfare

Origin of EU Imports 2000



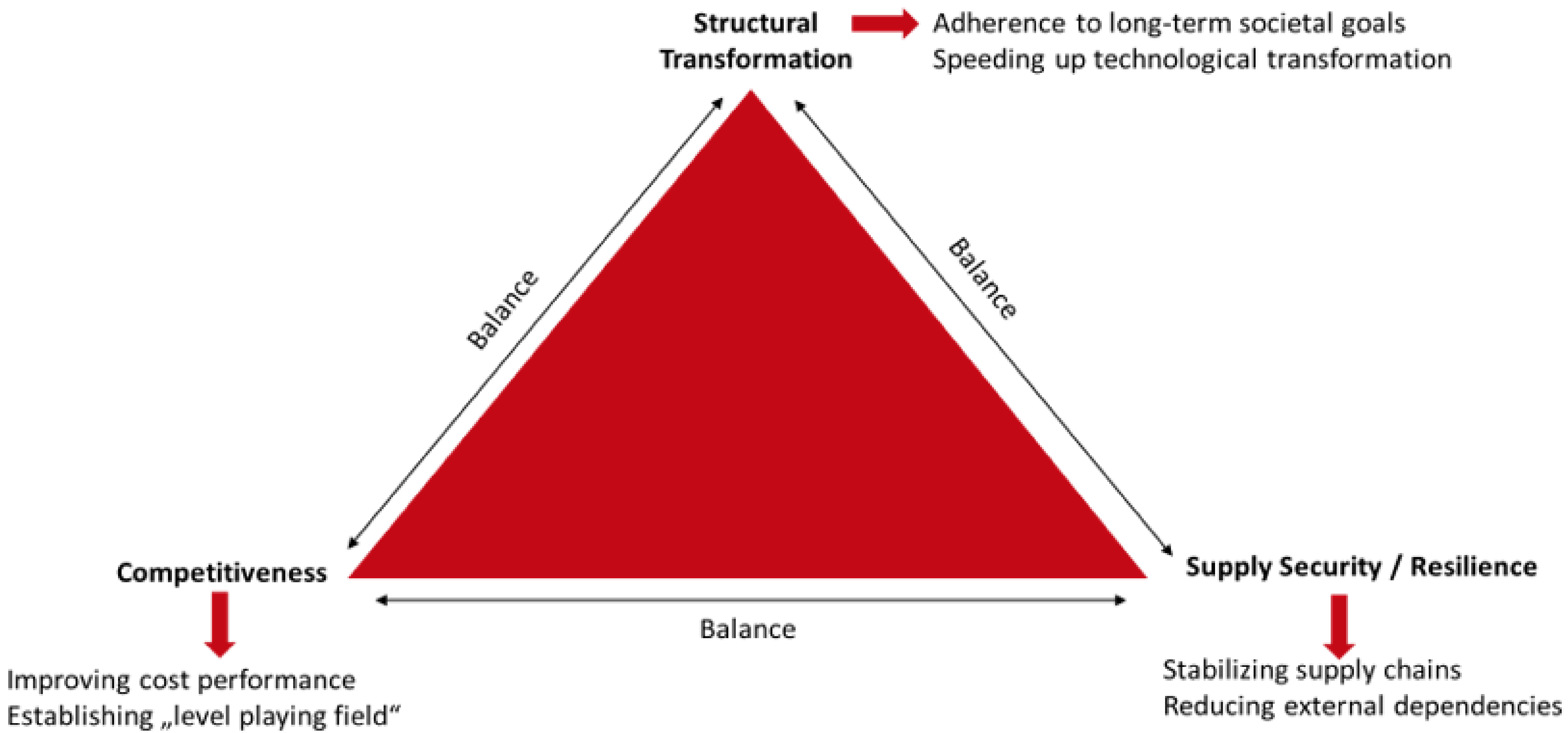


Origin of EU Imports 2025



# The Changing Risk Landscape in International Trade

## Policy Implications: A New Triangle of Policy Trade-offs



# The Strategic Shift in EU Trade Policies

## The Paradigm of „Open Strategic Autonomy"

*“as open as possible, as autonomous as necessary”*

Inward-looking | Outward-looking

- Strengthen domestic competitiveness
- Enhance supply chain resilience
- Support the green transformation

**Open Strategic Autonomy**

- Forge new trade partnerships
- Actively shape global trade rules
- Extend capacity for unilateral trade defense

# The Strategic Shift in EU Trade Policies

## The Economic Security Strategy

Improve balancing of benefits and risks in the economic cooperation with third countries

**Four types of risks in focus:**

- **Threats to supply chains**
- **Threats to tangible infrastructure**
- **Threats to technological supremacy**
- **Risk of weaponization of dependencies**

**Three-pillar approach**

- **Promote** domestic competitiveness
- **Partner** with third countries on security
- **Protect** the EU against security risks

Principles: **Proportionality** and **Precision**

# Status Quo of Policy Implementation

## Trade Defense

### Major Instruments:

- Strengthened mechanisms for unilateral WTO-compliant trade defense:
  - Anti-subsidy duties
  - Anti-dumping duties
  - Safeguard measures against sudden increase in import competition
- Carbon Border Adjustment Mechanism (CBAM): Balancing out international $CO_2$ price discrepancies

### Recent Initiatives:

- Anti-Coercion Instrument: Toolkit to respond to foreign attempts of economic coercion
  - Defining procedures for a multi-stage response mechanism
  - Providing the legal basis for a broad set of countermeasures beyond traditional defense

### Economic Mechanisms:

- Compensate for artificial cost disadvantages of EU producers
- Provide deterrence against coercion practices

# Status Quo of Policy Implementation

## Investment and Market Monitoring

### Major Instruments:

- FDI Screening Regulation:
  - Harmonization and coordination of national monitoring of inward FDI
  - Proposal for update: mandatory authorization in sensitive areas
- Foreign Subsidies Regulation: Combatting internal market distortions by foreign subsidies

### Recent Initiatives:

- Proposal Industrial Accelerator Act: EU-wide authorization requirements for FDI in emerging sectors
  - Specific catalogue of requirements and restrictions (i.a. ownership thresholds, IP use, local job creation)
  - Limited to investors from dominant producer countries
- Recommendation for outward FDI screening: Focus on technology risks

### Economic Mechanisms:

- Ensure economic control on strategic assets
- Reduce risks of technology leakages

# Status Quo of Policy Implementation

## Industrial Policies

### Major Instruments:

- Fiscal investment support focused on green transformation (i.a. EU Innovation Fund, RFF, InvestEU)
- Flexibilized framework for aid by Member States (CISAF)
- Streamlining and shortening of permit granting (CRMA, NZIA)
- Resilience criteria in public procurement and renewable energy support schemes (NZIA)

### Recent Initiatives:

- Proposal Industrial Accelerator Act: New instruments targeting domestic capacity creation
  - Local content criteria for net-zero technologies and selected basic materials in public procurement and public support
  - Promotion of industrial acceleration areas

### Economic Mechanisms:

- Overcome barriers for financing climate-friendly manufacturing technologies
- Create European lead markets for faster scaling of domestic capacities

# Status Quo of Policy Implementation

## Trade Agreements and Partnerships

### Major Instruments:

- Bilateral trade agreements (44 preferential agreements with 80 partners)
- Deepened strategic partnerships in selected areas: Raw materials, energy, technologies
- Global Gateway Initiative: Funding strategy for external infrastructure investments

### Recent Initiatives:

- Announcement of Clean Trade and Investment Partnerships (first concluded with South Africa):
  - "Whole of government approach": Intensified regulatory and technological cooperation
  - Creation of joint markets by offering fair market access
- Global Gateway Investment Hub: Improve involvement of EU companies with Global Gateway Initiative

### Economic Mechanisms:

- Diversify trade relations to improve resilience towards external shocks
- Bundle resources with partners to create stable joint green supply chains

# Remaining Policy Gaps

## Requirements of Resilient Green Supply Chains

**Raw Materials**

- Support framework for raw material recycling
- Roadmaps for external raw material partnerships

**Knowledge/Skills**

- Enhanced cooperation on skilling/upskilling activities
- Rules for international research cooperation

**Resilient Green Supply Chains**

**Clean Energy**

- Regulatory boost for grid investments
- Support of markets to mitigate energy price risks (Forwards, PPAs)
- Support platform for hydrogen imports

**Risk Capital**

- Instruments of public/private risk sharing on emerging markets (CfDs, credit guarantees)

**Lead Markets**

- Minimum quotas for low-carbon products in public procurement

# General Priorities

- Prioritize **transformation incentives** over safeguarding existing industrial structures
  - Firmly tie resilience policies to transformation goals
  - Limit local content requirements to areas with high technological development potential
- Prioritze **market development** over capacity creation
  - Focus policy support on overcoming barriers to emerging markets for net-zero technologies
  - Promote market solutions for risk sharing during the transition
- Prioritize **investment speed** over adherence to principles
  - Apply pragmatic approach to product rules (e.g. RFNBO definition)
- Prioritize **deepening external cooperation** over autarky goals
  - Develop roadmaps for faster implementation of strategic partnerships
  - Stabilize partnerships through cooperation in R&D and technical standards


# Many thanks for your attention!

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