

Aligning EU Economic and Strategic Goals

Implications and Challenges



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Abstract

The EU has made welcome commitments to bring its economic and security aims into closer harmony with each other. Despite some advances in this fusion, the EU needs more precisely defined strategies for giving it tangible substance – and also for addressing the tensions that exist between economic and security policies. The present report proposes ten concrete ideas to take this forward.

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LIST OF ABBREVIATIONS

BRI	Belt and Road Initiative
CBAM	Carbon-Border Adjustment Mechanism
DRC	Democratic Republic of the Congo
ECB	European Central Bank
EIB	European Investment Bank
EU	European Union
GDP	Gross Domestic Product
IPCEI	Important Projects of Common European Interest
NATO	North Atlantic Treaty Organization
U.S.	United States of America
UAE	United Arab Emirates

EXECUTIVE SUMMARY

Several vitally important EU policy statements and documents have committed to making sure that the bloc better aligns its economic and security aims in the future. There is a widespread consensus among diplomats, politicians and experts that this is necessary and represents a defining challenge for the EU in the current turbulent and unpredictable geopolitical context. Having made these commitments, the EU has begun working on implementing this 'economic-security nexus' in practice. It has made some progress in doing so, but many more, ambitious changes are needed to give this implementation greater precision and clarity.

The challenge arises from a fundamental, underlying shift in the relationship between markets and security dynamics within Europe and at the global level. The depth of this change requires a paradigm shift in EU geostrategy and not merely a few modest policy tweaks to trade or other policies. The EU has made significant steps in thinking more strategically about its economic tools and interests. It recognizes today that economic interests require strategic intervention and cannot rely solely on market forces and abstract international rules. Still, the foreign policy part of the economic-security nexus remains under-developed. The EU still needs an updated definition of its security concepts and priorities if it is to evaluate the effectiveness of its investments in certain economic or defence measures.

The concept of (open) strategic autonomy provides a helpful framework for thinking about the economic-security nexus. The EU needs to add precision to this concept by balancing two types of security concept and aim: defensive and proactive. These two kinds of security imperative require different kinds of public financial investment and different measures of effectiveness in evaluating such spending. The EU must take care that it does not tilt too far towards a defensive notion of strategic autonomy when its long-term interests require more proactive initiatives to build multiple forms of European resilience. EU financial resources need to take account of this far more systematically than they have done so far.

We suggest ten ideas to put these guidelines into practice: a better definition of joint security priorities; strategic audits of economic and trade agreements; a strategic scoring for Global Gateway investments; a strategic forum with European companies; redefined arms export controls; a new approach to security investments in third countries; a governance resilience strategy linked to economic aims; integration of climate factors and costs into economic competitiveness investments; member state economic-security alignment reports; a civil society forum on economic-security fusion.

1. INTRODUCTION

The European Union (EU) has made significant commitments to align its aims to boost economic competitiveness with security resilience. Getting this alignment right will require further adjustments and entail difficult trade-offs. This is not a superficial tweak; the whole paradigm of international economics and geopolitics is shifting, and the EU requires the means to respond in commensurate terms.

As other contributions in this series of reports for the European Parliament look at the core economic aspects of industrial and competitiveness policy, this paper is charged with exploring the more political and foreign policy dimensions of the challenge. This political dimension matters because the nature of security is shifting, especially in terms of how security goals relate to market forces and economic priorities. Moreover, the EU is now committing to mobilizing sizeable amounts of public funding in pursuit of its security goals; the bloc still needs to define ways to measure the value of such investments.

This report argues for a fundamental reframing of the way the EU articulates the relationship between market forces and security. We suggest security requires different levels and types of financial investment in resilience. The EU also needs to work more assiduously to minimize the possible tensions between economic and security aims.

We offer 10 concrete ideas for putting these guidelines into practice:

1. A better definition of joint security priorities
2. Strategic audits of economic and trade agreements
3. A strategic scoring for Global Gateway investments
4. A strategic forum with European companies
5. Redefined arms export controls
6. A new approach to security investments in third countries
7. A governance resilience strategy linked to economic aims
8. Integration of climate factors and costs into economic competitiveness investments
9. Member states economic–security alignment reports
10. A civil society forum on economic–security fusion.

2. LEGITIMACY, SECURITY, AND ECONOMIC STATECRAFT

The new economic–security nexus emerges from fundamental shifts to the role of market forces within and beyond Europe.¹ EU policy responses need to reflect these deep-seated shifts as they go far beyond modest tweaks to existing policy templates. The shifts bring opportunities to align security and economics more effectively but also potential tensions: what is needed for domestic economic legitimacy may be sharply at odds with what is needed for wider security resilience in EU external action.

2.1. The ‘problem’ with globalization

The neoliberal model for a global economy was meant to be self-legitimizing. So long as free trade benefits all parties, the only challenge was to ensure that trade remains ‘free’ from market-distorting state interference. The prosperity that flows from this arrangement would be the rising tide that lifts all boats. In turn, that prosperity would have the political benefit of undergirding liberal democracy and the rules-based international system.

The difficulty would only arise when important actors in the global economy begin to use state instruments to distort international trade for domestic purposes. This ‘economic statecraft’ undermines the ability of global markets to benefit all parties and so chips away at the perceived legitimacy of the global arrangement among those groups that lose out. Those states that deploy non-market instruments may succeed in strengthening their own domestic political situation, but they weaken the support enjoyed by other governments. Eventually, they may even undermine liberal democracy and the rules-based international system.

2.1.1. A complicated reality

Staunch advocates of global free trade often tell a simplified story like this with an international division of labour benefiting all parties and a focus on the need to make sure non-market actors do not obstruct these gains. The reality is more complicated.² Free trade imposes adjustment costs both within and across countries, and those costs differ substantially depending upon what is being traded and who the trading partners are. Free trade also relies on market infrastructures and technological interdependencies that are not subject to the same kind of market competition faced by the small firms that are the backbone of economic modelling. Finally, the multilateral institutions that govern free trade – including the rules for decision-making and dispute resolution – are not neutral and instead tend to award specific countries or groups of countries with disproportionate influence. Influential thinkers have for some years been calling for more balanced trade policies that maintain openness and improve the balance in international rules, while leaving space for national autonomy.³

¹ See, for example, Rosa Balfour and Sinan Ülgen, eds. *Geopolitics and Economic Statecraft in the European Union* (Washington, D.C.: Carnegie Endowment for International Peace, 2024).

² See Peter S. Goodman, *How the World Ran Out of Everything: Inside the Global Supply Chain* (New York: Mariner Books, 2024).

³ Dani Rodrik, *Straight Talk on Trade: Ideas for a Sane World, Economy* (Princeton University Press, 2017)

2.1.2. The European response

The European Union recognized this more complicated reality at least since the early 2000s. The opening paragraph of the 2003 European Security Strategy describes the situation:

The post-Cold War environment is one of increasingly open borders in which the internal and external aspects of security are indissolubly linked. Flows of trade and investment, the development of technology and the spread of democracy have brought freedom and prosperity to many people. Others have perceived globalization as a cause of frustration and injustice. These developments have also increased the scope for non-state groups to play a part in international affairs. And they have increased European dependence – and so vulnerability – on an interconnected infrastructure in transport, energy, information and other fields.⁴

The solution that strategy put forward was to build ‘an international order based on effective multilateralism’ while at the same time focusing on the deployment of ‘the full spectrum of instruments’ available ‘for crisis management and conflict prevention’ in those parts of the world most adversely affected.⁵ That solution did not address the impact of globalization on people and popular attitudes inside Europe. It also failed to tackle the possibility that emerging economic powers would challenge Western predominance within multilateral institutions or that the United States would work actively to undermine their effectiveness. These are the kinds of problems that a new European strategy must now address.

To do so, it is necessary to recognize that the more complicated reality of a globalized world economy creates powerful incentives for national governments to deploy non-market instruments – to offset adjustment costs, develop proprietary market infrastructures, foster technological innovation, and influence, work-around or duplicate multilateral institutions where they feel at a disadvantage. These are all instruments of economic statecraft that have the potential to distort the distribution of costs and benefits from free trade in ways that can destabilize liberal democratic politics and chip away at the perceived legitimacy of the rules-based international system. As such, the use of these instruments can also lead to international conflict – within multilateral institutions, over the functioning of those institutions, and outside those institutions on a domestic, bilateral, mini-lateral, regional, or block-to-block basis. In this way, economic statecraft can undermine both national and international security.

2.1.3. New circumstances, new strategy

Nevertheless, the alternative of focusing on effective multilateralism is no longer an option, and neither is doing nothing. European policymakers must use the instruments at their disposal to mitigate or offset the costs of participating in a global economy if they want European citizens to accept that arrangement as legitimate and to embrace those governments and political parties that advocate in favour of opening to the outside world. As they do so, however, European policymakers must remain true to European values related to openness, they must seek to minimize the negative consequences

⁴ *A Secure Europe in a Better World: European Security Strategy* (Brussels: Council of the European Union, 12 December 2003) p. 2.

⁵ *European Security Strategy*, pp. 9, 11.

of their policy choices for people and governments in other countries, and they must shore up European security in a more conflictive and dangerous geopolitical environment.

The Letta, Draghi, and Niinistö reports – together with other recent policy advances – set out the goal of forging external relations that align economic and security aims.⁶ To work, this alignment must apply in both directions: economic policies must serve wider strategic aims; foreign and security policies must serve economic goals. The EU is taking steps towards this new fusion, in a potentially ground-breaking shift for its external action and international identity.

However, these steps need to advance much further. Draghi himself made this point in his much-cited summer 2025 Rimini speech, in which he warned that ‘Europe is ill-equipped in a world where geo-economics, security and the stability of supply sources, rather than efficiency, shape international relations.’⁷ There has been much debate over progress (or the lack thereof) towards the core economic competitiveness aspects of the Draghi report, but very little attention paid to the wider security commitments; there was no mention of the security dimension in the official presentations to mark the one-year anniversary of the Draghi report.⁸

The key implication of the paradigm shift outlined above is that economic competitiveness goals must now build in a security dimension. The challenge is to define clearly what this security dimension entails and how it relates to the EU’s economic agenda; this clarity on the foreign and security policy dimension is required to assess the economic value of certain public-finance investments. A better conceptual framework is needed to match different strategic requirements with the goals for competitiveness and debates about the optimal use of public finances. Significantly, the kind of cost-benefit analyses that the EU carries out in other policy areas have not yet helped add precision to the economic-security fusion to which the Union aspires.

2.2. Does this change what it means to be Europe?

The shift raises important questions. As geopolitical aims now entail a move away from reliance on open market logics and norms of liberal cooperation, what cost does this impose on EU economic goals? How do policymakers measure whether this trade-off is warranted? And vice versa: if the EU shifts towards preferential economic interventionism internally, what consequences might follow from this for its foreign policy partnerships? How do we measure the strategic costs of other powers turning more critical towards the EU due to this interventionism and market-protection?

The core goal and concept that joins the economic and foreign-policy spheres is that of ‘strategic autonomy’. This reflects an EU perception that the bloc increasingly needs to deal with many security challenges alone. Unpacking security concerns through the lens of strategic autonomy can help pin down what kind of strategic goals need to come into line with EU economic policies. The EU needs to

⁶ Enrico Letta, ‘Much More than a Market: Speed, Security, Solidarity – Empowering the Single Market to Deliver a Sustainable Future and Prosperity for All EU Citizens,’ (Brussels: European Council, April 2024); Mario Draghi, ‘The Future of European Competitiveness, Parts A and B,’ (Brussels: European Commission, September 2024); Sauli Niinistö, ‘Safer Together: Strengthening Europe’s Civilian and Military Preparedness and Readiness,’ (Brussels: European Commission, October 2024).

⁷ <https://www.meetingrimini.org/en/turn-skepticism-into-action-mario-draghis-speech-at-the-meeting/>

⁸ <https://www.youtube.com/watch?v=WLPnJgs4TFQ>

specify more clearly what security interests it prioritizes – a vital step towards being able to assess how far economic policies can contribute towards these, and vice versa.

The modified term ‘open’ strategic autonomy is often deployed to capture the EU’s desire to adjust to geopolitical shifts in a way that defends against immediate economic and security risks while preserving a modicum of rules-based international action. The notion of such strategic autonomy is supposedly the hinge concept that connects the economic and security spheres into a coherent approach towards turbulent global realities. The concept helps crystallise a different EU understanding of both economic competitiveness and security.

2.2.1. Nuance and distinctions

Crucially for this report, the pursuit of strategic autonomy needs to be understood in a more nuanced manner than is often portrayed. Autonomy is not absolute; the challenge is to define with precision what kinds and levels of interdependence become problematic and under which conditions. Interdependence has become more problematic in its impact because trust has withered; so, security debates need to focus on the question of where trusting relations can be maintained, what is necessary to nourish trust, and how to identify the moments or conditions that make trust untenable.⁹

Security aims are twofold in this sense. At one level of ‘protective security’, the EU needs robust defence against direct threat and coercion; this is where most policy debate has focused recently. A second level of ‘shaping power’ is the need to maintain trusting relations and rules that help influence other powers’ behaviour and its impact on European interests. Security goals in this sense embrace two kinds of resilience: the ability to rebut others’ harmful impact on the EU and the ability proactively to reduce the incentive of others to act against EU interests.

2.2.2. Investment in resilience

From this conceptual ground, it is easier to calculate what kinds of strategic financial investments are needed. The concept can be seen as working at two levels: First, the EU requires the means to be resilient against overt threats and violence on its own. Second, the EU needs to reduce the risks of interdependence both through rules and using a wider diversity of strategic options. The crucial point is that this distinction is necessary to understanding the different dimensions of the bridge between the security realm and the public-finance implications of EU external action choices. The EU needs to be attentive to *both* types of security and levels of resilience in its efforts to align economic and security goals.

Under the label of (open) strategic autonomy, economic security and competitiveness are to be defended through the EU proactively supporting and favouring its own innovation and industrial capacities and seeking protection from supply shocks; this comes with more active state aid support through ‘Important Projects of Common European Interest’ (IPCEI). This chimes with the ‘protective’ strand of strategic autonomy. In terms of the more ‘shaping’ elements of geostrategy, the foreign policy

⁹ Erik Jones, ‘Transatlantic Rupture: Legitimacy, Integration and Security.’ *Survival* 67:2 (2025) pp. 69–84.

dimension is seen in a reinforced quest for partnerships with ‘like-minded’ states nominally committed to upholding rules-based international order.

That is, the second strand of strategic resilience points towards the EU’s need not for absolute autonomy so much as a more effective and diversified network of strategic partnerships that give it economic-strategic room for manoeuvring. These partnerships might help security goals and in doing so mitigate the financial downsides of strategic autonomy.

By way of comparison, it is instructive to examine how the United States has come to adopt a certain approach to security and how that approach relates to economic goals. Experts argue that the U.S. economic statecraft of President Trump’s unpredictable tariff gyrations has become so narrowly securitized that it undermines rather than serving U.S. economic goals. This contradiction or tension provides a salutary lesson for the EU and reinforces the point that a wider notion of security is needed to safeguard against a sub-optimal use of economic instruments and public finances.

2.3. Bringing it altogether

The cross-cutting challenge is to define the right kind of external security strategy for maximising EU economic goals. While the EU rightly insists now on the inseparability of economic and security aims, the more difficult question that flows from this relates to the kinds of foreign policy approach needed to give substance to the new ‘foreign economic policy’ mantra. The two notions of security outlined above suggest two different approaches. One approach is mainly defensive: Europe needs to protect itself from outside threats to give itself the autonomy to generate favourable economic outcomes. Another approach is more proactive: in times of such turbulence, the EU needs more external engagement to shape the political-systemic conditions that condition economic goals. The epoch-defining challenge is for the EU to strike a judicious balance between defensive and proactive external strategies that best serves its economic-competitiveness goals.

A concern at present is that the EU still lacks a comprehensive security strategy that defines such aims with precision – one that defines strategic goals or fully explains what role economic policies are supposed to play in making the EU more robust and resilient from a security perspective. To date, the EU has not set out how the notion of strategic autonomy can be crafted in a way that ensures the desired fusion between economic competitiveness and security policy. Experts have called for an updated security doctrine with no new EU security strategy having been agreed since the 2003 ‘Solana’ strategy mentioned above (although some might argue that the 2016 Global Strategy did move helpfully in this direction) and a need for this to home in especially on the use economic power for security.¹⁰

Without this greater detail and precision, it is difficult to judge the value of public financial outlays whether in defence or in the wider area of economic resilience and how this contributes to overall security aims. The Strategic Compass and Niinistö reports are helpful in pushing the EU to be better

¹⁰ See, for example, Giles Merritt, ‘The EU must define its red lines in a tough new security doctrine,’ *Friends of Europe, Frankly Speaking* (17 September 2025) <https://www.friendsofeurope.org/insights/frankly-speaking-the-eu-must-define-its-red-lines-in-a-tough-new-security-doctrine/>.

prepared for mitigating strategic risks and acting in a more geopolitical manner across policy areas; yet both are still narrow in scope and do not define exactly what kinds of trade-offs and choices the EU needs to strike to make this transition – these and other key policy documents have not fully mapped out the desired alignment between economic and security strategies.¹¹ To aid in this, the question still needs to be answered of what autonomy is supposed to be for. Distinguishing the two levels – protective and shaping – of security aim and resilience offers a framework to do this.

¹¹ Sascha Ostanina, *Don't Put the Cart before the Horse: The Need for a Strategic Vision for EU Security Spending* (Berlin: Hertie School, Jacques Delors Centre, January 2025).

3. MILITARY PROTECTION AND ECONOMIC GOALS

Both before and after the June 2025 NATO summit, EU member states committed to spend more on their own security; the increase for European member states of the NATO alliance is particularly significant. If the goal is to raise spending on defence from 2 percent of gross domestic product (GDP) to 3.5 percent, that will translate into a jump in European outlays from €381 billion to €635 billion.¹² If EU member states add another 1.5 percent of GDP to invest in critical or dual-use infrastructure, that will increase spending to 5 percent of GDP or €889 billion.

European leaders must raise this new money for defence and dual-use investment against a backdrop of social commitments costing over 30 percent of GDP on average across the EU, taxes that take up just under 41 percent of GDP including imputed social contributions, macroeconomic growth averaging 1.6 percent in real terms, and public debts that average 83 percent of GDP across the EU and 90 percent across the euro area.¹³ They also need to make sure that the money is well spent. European governments have a long history of inefficient defence spending, with too much going to personnel (and pensions) or scattered across multiple small and competing weapons systems, and too little going to research and innovation in the kind of advanced military technologies or rapidly scalable and interoperable production lines that are necessary to ensure European security. These problems were evident before Russia's full-scale invasion of Ukraine.¹⁴ They remain prominent today.¹⁵

3.1. A three-fold dilemma

The challenge for European policymakers is to come up with a formula for increasing security spending that is:

- politically acceptable insofar as it does not result in excessive cuts in social outlays or increases in taxes;
- economically sustainable in terms of its impact on macroeconomic growth and public indebtedness; and,
- militarily effective in meeting the requirements for European security both in the short term and in the longer term.

Since Russia's full-scale invasion of Ukraine in February 2022, European policymakers have laid the foundations to address these issues – with an impressive 37 percent rise in actual expenditure to match – even if more remains to be accomplished.¹⁶ More important, there is a clear formula for combining these attributes of acceptability, sustainability, and effectiveness.¹⁷ Any increase in defence spending

¹² *Defence Data, 2024-2025* (Brussels: European Defence Agency, 2025) p. 9.

¹³ These data are taken from the AMECO database of the European Commission.

¹⁴ See John R. Allen, Frederick Ben Hodges, and Julian Lindley-French, *Future War and the Defence of Europe* (Oxford: Oxford University Press, 2021).

¹⁵ See 'European Economic Forecast, Spring 2025,' *European Economy: Institutional Papers* 318 (May 2025) pp. 82-83.

¹⁶ That increase is from 2021 to expected end 2025. See 'EU Defence in Numbers', <https://www.consilium.europa.eu/en/policies/defence-numbers/>.

¹⁷ See Ethan Ilzetzki, 'Guns and Growth: The Economic Consequences of Defense Buildups,' *Kiel Report 2* (Kiel: Kiel Institute for the World Economy, February 2025).

should be financed through increased indebtedness in the short-to-medium term in order not to undermine growth prospects and it should be focused on technological innovation and rapidly scalable and interoperable production lines in order to maximize the potential for positive spillovers that will enhance European competitiveness.

Such spending will undoubtedly leak out of Europe through increased imports of technology and equipment from the United States and other allies, but it can be ring-fenced with progressively tightening local content requirements for public procurement to create strong incentives for manufactures to invest in winding down that import dependence. And as macroeconomic growth accelerates under the impetus of higher spending and greater innovation, policymakers can shift the funding strategy away from debt and onto taxes and rationalizations in other public spending.

3.1.1. Political considerations

Every aspect of this formula is politically challenging. Not all member states have the same ability to borrow for defence spending, which means those states that are already more indebted like Italy, Belgium, or France will face higher financing costs than those which are less indebted. This explains why the Draghi report (and subsequent analysis of European 'public goods' provision) emphasizes the importance of collective borrowing to ensure that the burden of providing for European security can be more equitably distributed.¹⁸ For those member states that already face low borrowing costs, this levelling of the playing field in terms of security contributions looks like a transfer to more highly indebted member states.

At the same time, not all member states have firms that are likely to benefit from increased expenditure on technological innovation or rapidly scalable and interoperable production lines. Some rationalization of the European defence industrial sector will necessarily take place, as will a significant concentration of economic activity in a relatively smaller number of firms – particularly in the production of advanced heavy equipment. This explains why the Draghi report calls for a relaxation of European competition rules to loosen state-aid restrictions and allow for greater market concentration in the defence industrial sector.¹⁹ The Draghi report also calls for European policymakers to strengthen incentives for investment in European firms through the use of local content requirements for defence procurement – even though the impact of these policies will distribute costs and benefits unevenly across member states.²⁰ The EU economy as a whole might benefit from the first-and-second order stimulus that results from increased public spending and innovation, but the different member states will only feel the effects over time and at a different pace.

The effective coordination of this activity implies an even greater political challenge.²¹ Défense spending is a national competency. European institutions – meaning the European Investment Bank in addition to the European Commission – can create incentives to influence both public and private investments, but they cannot require specific patterns of procurement, and neither can they ensure

¹⁸ Draghi, 'The Future of European Competitiveness, Part A,' pp. 60-61.

¹⁹ Draghi, 'The Future of European Competitiveness, Part B,' p. 163.

²⁰ Draghi, 'The Future of European Competitiveness, Part B,' p. 168.

²¹ See, for example, Daniel Fiott, 'The Challenges of Defence Spending in Europe,' *Intereconomics* 59:4 (2024) pp. 189-192.

that the aggregation of efforts across member states will result in a European force structure capable of responding effectively to external threats. Even a clear European security strategy cannot override competing claims made at the national level, within the NATO alliance, or to wider efforts at post-conflict stabilization or peace-making. This explains why it is so difficult for member state governments to agree on common standards or benchmarks to measure their respective contributions either in terms of volume – even within the ratios of expenditure to gross domestic product – or in terms of effectiveness in the short-, medium-, and longer term.

3.1.2. From politics to economics

These political challenges are not insurmountable. They explain, perhaps, why European governments were so committed to harvesting the peace dividend that came at the end of the Cold War and so reluctant to increase defence spending even after Russia's annexation of Crimea in 2014. But having made the commitment to increase security spending both before and during the June 2025 NATO summit in the Hague, European governments have no choice but to confront the implications of failing to address these political concerns in terms of the acceptability, sustainability, and effectiveness of that commitment.

That sustainability will need to be underpinned through improved macroeconomic performance. Increased defence spending on its own will not achieve that objective. Estimates of the impact of a €1 increase in defence spending range from €0.60 to €2.40 increase in overall GDP²² – meaning that policy makers can get significantly less improvement in macroeconomic performance than what they put into the economy, or they can get considerably more. The difference has much to do with how the money is financed as well as how it is spent.

If new spending on defence is financed by taking funds from other more productive uses, the net impact on economic performance might even be negative. That is why economists argue for debt financing in the short to medium term, until the increase in economic performance can provide sufficient new tax revenue to pay down the debt and provide additional sources of financing.²³ By the same token, money spent for immediate use – to purchase munitions or pay salaries – has less impact than money spent on innovation or the achievement of scale economies.²⁴ Beyond this, the macroeconomic effect of increased defence spending depends on how close the economy already is to full employment (and so how much new defence spending crowds out economic activity in other parts of the economy).²⁵

²² Hugo Erken, Frank van Es, Elwin de Groot, and Lennart de Jong, 'Europe in the New NATO Era,' *SUERF Policy Note 372* (July 2025) p. 7.

²³ Ilzetzki, 'Guns and Growth,' pp. 34-36.

²⁴ This point is emphasized not only by academic economists, but also by asset portfolio managers and may explain why the bond markets have not reacted strongly to increased government commitments to defence spending. See, for example, Juliette Cohen, 'A Paradigm Shift for European Defense,' (Paris: CPRAM, 7 April 2025); Roberto Scaramella, Archag Toulumian, Eric Ciampi, Julien Demotes-Mainard, and Luca Ceragioli, 'Key Challenges Facing Europe's Proposed Defense Expansion,' (Oliver Wyman, August 2025); Lorenzo Bini Smaghi, 'I mercati non sono preoccupati dall'impegno di aumentare le spese per la Difesa – Per tre ragioni,' *Il Foglio* (15 March 2025).

²⁵ Erken, et al., 'Europe in the New NATO Era,' p. 7.

3.1.3. From economics back to politics

How well the policy is explained to the public is also important. If people believe the spending is unsustainable, and will lead to larger debts or higher taxes, they will lose confidence and consolidate household finances. If they accept the need for new spending and believe it can be well managed, they will worry less, and that relative confidence will make the policy more successful.²⁶ This confidence effect explains why the political debate surrounding increased defence spending is important. So long as Europeans believe their political leaders have a clear plan for using increased defence spending to secure the continent and improve macroeconomic performance, they are both more likely to support the policy and to contribute to its success.²⁷

3.2. A positive outlook

Economists at the European Central Bank are broadly confident that the net effects will be positive. In their analysis of plans set out as part of the European Commission's 'Readiness 2030' framework, they estimate 'the impact on real GDP growth at close to 0.1 percentage points per year over 2026–2027' with little or no impact on underlying inflation. Moreover, they estimate that any increased spending resulting from commitments made at the June 2025 NATO summit 'could yield more significant growth effects, while the impact on inflation, albeit increased, would remain limited over the projection horizon.'²⁸ Nevertheless, it remains important to ensure that the security and the political goals of the policy remain closely intertwined. Should European policymakers lose the confidence of the public or the bond markets, the risk is that increased defence spending will result in lower growth and higher inflation rather than the more favourable estimates in the ECB forecasts.

²⁶ Adam Baumann, Cristina Checherita-Westphal, Georgi Korcharov, and Steffen Osterloh, 'Higher Defence Spending and Its Impact on Household Expectations,' *ECB Economic Bulletin* 5 (2025) pp. 64–70.

²⁷ These findings are supported by public opinion polling done by YouGov as part of the 'Solidarity in Europe' project at the European University Institute (<https://europeangovernanceandpolitics.eui.eu/project/eui-yougov-solidarity-in-europe-project/>). The 2025 polling data was presented in Brussels in October.

²⁸ Cristina Checherita-Westphal, Christian Huber, Marta Rodríguez-Vives and Georg Müller, 'Fiscal Aspects of European Defence Spending: Implications for Euro Area Macroeconomic Projections and Associated Risks,' *ECB Economic Bulletin* 5 (2025) pp. 71–76. The citations were taken from pages 73 and 75.

4. WIDER RESILIENCE GOALS IN EU FOREIGN POLICY

The solution lies in emphasizing a ‘joined up’ approach at the European level. While there is wide consensus that investment in military capabilities is overdue, the non-military dimensions of the economic–security fusion are just as important. Indeed, in terms of day-to-day EU external actions, they are perhaps even more important and arguably offer more potential to craft mutually reinforcing connections between the competitiveness and security agendas.

And yet, it appears that the EU is not investing enough in the non-military aspects of resilience and in this sense missing opportunities to use public financial outlays for a tighter economic–security fusion. Moreover, it is not yet taking these areas into account when assessing or measuring the economic–security fusion, in large measure because so much attention focuses on EU re-armament. The EU needs to invest more in the forms of resilience outlined below and, crucially, build these into assessments of how far the EU is fusing economic and security goals.

4.1. The need for a more strategic perspective

This last point is telling; despite all the rhetoric about bringing economic and security goals into line, in practice most policy debates fail fully to incorporate this wide, strategic lens. Most of the focus is, perhaps understandably, on the core Draghi competitiveness agenda; how ‘tough’ the EU should be with the United States; whether to engage in tit-for-tat trade–defence reprisals; and whether EU will or should pull back from measures against US tech giants so sake of wider trade deal. In contrast, there remains limited focus on the general economic–security fusion across most areas of day-to-day EU external action.

Several highly placed current and former officials have recently expressed concern at this and stressed the need for a fully comprehensive approach to resilience and security. The most senior French military officer suggested recently: ‘More than Russian tanks, the establishment of a de-Westernized alternative order threatens Europeans.’²⁹ Former EU ambassador, João Vale de Almeida warns that the EU needs to be careful not to focus too exclusively on the military element of security when most immediately relevant challenges relate to how different aspects of security interact or ‘cross-fertilize’.³⁰

While some security imperatives are about countering direct military and commercial threats, others are the more general vulnerability of other powers setting terms detrimental to European interests and the need to preserve strategic manoeuvrability against this trend.³¹ The European Commission’s Foresight Report 2025 argues that the EU needs – and for now still lacks – a wider strategy for resilience that aims not just at resisting threats but at a forward-looking shaping of the strategic

²⁹ Laura Kayali, ‘Europe Must Assert Hard Power or Become a “Hunted Animal,” France’s Top General Warns,’ *Politico* (28 August 2025) <https://www.politico.eu/article/europe-hard-power-or-hunted-animal-france-military-chief-thierry-burkhard/>.

³⁰ J. Vale de Almeida, *The Divorce of Nations: A Diplomat’s Inside View as the Global Order Collapses* (London: The History Press, 2025), p. 232.

³¹ Erik Jones, ‘Europe Resolved: The Drumbeat of Strategic Autonomy,’ *Survival* 67:5 (2025) p. 32.

context: what it calls 'resilience 2.0'. Resilience is not only military defence against direct attack on territories, but also ability and policy space to remain true to core principles of the EU order.³²

4.2. Maximizing the impact of spending

Investing in such resilience could be the most impactful approach to security goals and the best potential bridge to aligning foreign and security policy with economic goals. EU states could usefully stress the 1.5 percent of GDP of the new NATO 5 percent target that can go towards non-military spending. This provides for a broader notion of security and this more tangible autonomy, and it arguably fits better with competitiveness goals. This is true especially because this kind of resilience calls for joint outward-oriented and inward-oriented spending as part of a seamless policy whole. It embraces a number of issues:

4.2.1. Minilateral networks

EU leaders have already stressed with some frequency that a priority is for the Union to build a wider range of strategic partnerships across the world and that these agreements will be key to maintaining autonomy of strategic choice. Such small-group partnerships are now seen as the means of building alliances around very tailored strategic objectives and allowing the EU to deepen cooperation in ways that have not been possible in the more all-embracing global institutions in recent years.

In the context of this report, the imperative is to make this kind of foreign-policy positioning align with and help further economic objectives. It is not only about forging new strategic partnerships for a degree of economic self-sufficiency; the inverse applies too, but as public financial investment in economic self-sufficiency will also buy the EU scope to avoid passively following other powers on major security challenges – and therefore look after its own existential interests in more pointed fashion. The EU has already been advancing deals with Mercosur, Mexico, India, Indonesia, the Philippines, and Thailand—not just to boost trade, but to increase predictability and resilience. European Commission President Ursula von der Leyen's 2025 State of the Union speech stresses that these are key to boost the EU's relative strategic power – insisting: 'we need to double down on diversification and partnerships.'³³ The point is that the EU should invest far more in the non-economic, security related aspects of these partnerships than it has done to date.

4.2.2. Third-country resilience

The central idea of such partnerships is for the EU to work on enhancing both its own and its partners' strategic resilience. While most of the focus in current debate is on EU member states boosting defence of their own territory, a crucial issue will be how far EU foreign policy supports the strengthening of security resilience in neighbourhood and other partner states. The increase in size of the European Peace Facility opens more possibilities in this foreign-policy dimension of the incipient military buildup.

³² Veronica Anghel and Erik Jones, 'Is Europe Really Forged through Crisis? Pandemic EU and the Russia-Ukraine War,' *Journal of European Public Policy* 30:4 (2023) pp. 777-778.

³³ A transcript of von der Leyen's 2025 State of the Union speech can be found here: https://ec.europa.eu/commission/presscorner/detail/ov/SPEECH_25_2053.

As the EU moves to intensify its security funding in third countries, and especially those in eastern Europe and the Balkans under the rubric of pre-accession preparations, the more this security strategy comes into line with the economic goal of the EU externalizing its single market outwards. Crucially, new outlays in inward-oriented security spending can be combined with external EU funds aimed at such third-country resilience in the form of more joint projects that cover both elements.

4.2.3. Climate resilience

Making other countries more resilient to climate change is essential to maintaining stability and minimizing the spill-over of climate-driven instability into Europe. The EU talks of this link in terms of 'competitive sustainability'. Experts generally recognize this to be the primary security challenge over the long term; it is not one that can be dealt with mainly through military means, even though it requires a link to the defence element of EU geostrategy. It also offers a boost to competitiveness to the extent that EU companies gain contracts for such investments. This is especially the case with regards to climate adaptation tech and possibly sectors like geothermal energy that might turn into export leads. The Draghi report and many EU policy statements now call for measures to protect EU renewables, like wind turbines;³⁴ this may entail a short-term loss in terms of public finances but help long term European competitiveness in these sectors, with a view to solidifying climate resilience – in the shape of being less reliant of third countries' renewables technology.

Military Keynesianism seems to be displacing green Keynesianism, even as the green transition is so vital to long term competitiveness and stability – and the fact that investments in climate adaptation provide more value in terms of placating popular frustrations with government. More spending is needed that boosts inward-oriented climate projects in Europe in joint projects that also take forward other countries' climate-transition resilience, rather than the former inward-looking investments cutting across the latter aim, as at present. Carbon credits are now part of the EU's 2040 90 percent emissions-reduction target, as a means to win member states' agreement to sign up. This outsources green commitments to other countries as the basis of new alliances: as member states are set to pay for emissions reductions elsewhere in the world this is likely to cut across both domestic climate-action needs and foreign-policy efforts.

4.3. Building new partnerships

The *Global Gateway* is a cornerstone of the economic-security fusion. For economic security, it aims to diversify strategic raw-material sources, co-finance resilient industrial supply chains, reduce external dependencies, and build EU-linked value.³⁵ The Global Gateway purports to boost technological and industrial competitiveness through investments in digital infrastructure, clean energy, transport and other sectors, opening European business opportunities abroad. It promises to help export 'trusted standards' based around EU regulatory standards, to help with EU competitiveness and influence.

³⁴ Draghi, 'The Future of European Competitiveness, Part A,' pp. 36, 40.

³⁵ See, for example, this set of recommendations from Business Europe: https://www.buinessurope.eu/wp-content/uploads/2025/02/2024-05-22_global_gateway_suggestions_and_way_forward_final-64f-1.pdf?utm_source=chatgpt.com.

4.3.1. Stabilizing regions and securing strategic assets

While the Global Gateway is primarily an economic initiative, it contributes to EU security and defence objectives indirectly by stabilizing regions and securing strategic assets. The link is seen especially in large-scale infrastructure projects, like the Lobito corridor, and linkages, like the Medusa Optical Fibre Cable.³⁶ The High Representative is on the board making project decisions to help bring in the foreign policy dimension. Information is not easily available, but reports find that European companies are involved in most of the projects financed to date, directly helping competitiveness goals. The Global Gateway's aim is to mobilise up to €300 billion in investments worldwide by 2027. This involves leveraging €135 billion in private sector financing, €145 billion is expected from EU Member States, €18 billion in EU grants and €40 billion in EU guarantees (mainly from the EIB). These guarantees are designed to be leveraged, meaning every €1 guaranteed is intended to attract €5 in private investment. Still, it is not clear whether the Global Gateway is on track to reach the goals by 2027. The Global Gateway is still for now a collection of ad hoc projects scattered randomly around different regions, not geopolitical in the sense of planning control over whole supply routes and chokepoints like China's Belt and Road Initiative (BRI).

Of particular importance here is the more specific issue of critical minerals diplomacy: the European military buildup will be impossible without more secure supplies of critical raw materials. The EU has moved to sign a raft of new critical raw materials accords. These agreements could still offer more of a distinctive proposition to other suppliers in terms of geostrategy too, this is where the link can bring about resilience. There is a widespread feeling that the EU has not invested enough resources into this kind of partnership to underpin an effective critical minerals diplomacy that brings together economic and security considerations.

4.3.2. Governance resilience

The EU's official line has for many years been that stable and well-governed countries provide the best conditions for trade and investment. Dedicating EU resources to supporting good governance and socio-economic improvements is in this way a thread that ties together competitiveness and foreign-policy goals. For now, the level of EU resources ploughed into this agenda is not especially high and the 'governance logic' in the economic-security fusion has given way to more direct realpolitik dynamics in recent years. It has always been difficult to quantify how much return in financial terms the EU's governance funding generates; we did not find evidence suggesting any especially strong direct financial link.

This element related to democratic governance also has an internal component. The current EU leadership has defined as a top strategic priority the defence of European democracy against other countries' malign influence operations. The forthcoming EU Democracy Shield is defined as a domestic

³⁶ See, for example, E.D. Wala Chabala, 'Lobito Corridor – A Reality Check,' *African Policy Research Institute, Short Analysis* (2 February 2024) <https://doi.org/10.59184/sa.038>; 'Factsheet: Medusa Is by Far the Largest Submarine Cable Project in the Mediterranean to Date with 7,100 km,' (Brussels: European Commission, 24 November 2022) https://enlargement.ec.europa.eu/document/download/2d6605ed-4195-4cfe-b19a-3d97bffa2d3_en?filename=2022-11-24%20-%20Factsheet%20for%20Media%20-%20Medusa.pdf.

and foreign-policy priority as it takes aim at the actions undertaken by other powers against EU interests and democratic processes. This can be seen implicitly as a precondition for making the EU's new approaches to economic goals and security interests function effectively. The rising and necessary levels of spending going inwards to protect EU democracy can and should go hand in hand with fused external initiatives that aim to shore up governance resilience externally too.

4.4. Maintaining institutional integrity

In addition, the EU has increased the resources it invests in defending core EU institutional integrity from external interference, and this now accounts for a significant part of the budget. However, such expenditure is still a tiny amount of the resources being ploughed into military budgets and would seem to offer clear value for this more modest use of public finances. Indeed, it would be reasonable to argue that the gain from a higher level of investment of public finances in defending the EU's basic political and institutional integrity would result in a very real benefit for EU economic and security goals; while military spending is for a 'just in case' risk, the threats to European democratic stability are real being perpetrated daily.

5. MINIMIZING TENSIONS

Notwithstanding the potential for bringing economic and strategic goals into line with each other, and the EU's well-grounded commitment to do this, some tensions will remain:

5.1. Difficulties in forming stable new partnerships

Current agreements aiming at short-term commercial opportunities may sit uneasily with wider security aims. The EU has pursued new trade agreements with many governments heading in a clearly illiberal and autocratic direction. This is the case with India, that is a major priority for the EU strategic agenda. It is also the case in Indonesia: here the EU has just signed a partnership accord with a fast-autocratizing regime that is violently attacking democracy protests and moving away from EU positions on strategic questions. Major Global Gateway recipients include autocratic and non-like-minded states: Namibia, Rwanda, Ivory Coast, Morocco, Algeria, Tunisia, Egypt, Angola, DRC, Bosnia. The recent (October 2025) Global Gateway Forum moved the initiative further in this very realpolitik direction. It is still not clear whether these investments can deliver benefits in terms of strategic alignments or might be simply helping strategic rivals. The EU has offered a great deal of economic and regulatory coordination with ostensibly like-minded partners who then firmly resist any convergence with the EU on major strategic issues.

Two well-known economic-security experts reach the following judgement: while the U.S. administration is now throwing away its vital economic connections for national-security confrontation, the EU errs to the other extreme. EU member states constantly privilege short-term market access and investment deals for themselves, devoid of any strategic guidance of the resulting long-term security impact. There is not just a reluctance to use the EU anti-coercion instrument but the lack of indicators to assess its likely strategic impact – for using it or indeed not using it.³⁷

5.2. Action and reaction

As the EU seeks autonomy from others, others will seek autonomy from the EU. Increasingly, the EU's narrative is narrowly about making interdependence safe for itself rather than about pursuing the wider political-strategic aim of mutually beneficial reforms to the global order. A backlash from other states risks deepening the very strategic-order problems that the EU's economic security strategy is notionally designed to address. EU economic goals and spending that rub against order rules prove damaging to security. Even if FDI screening mechanisms, export controls, the foreign subsidies regulation, the anti-coercion instrument have been used with caution so far, these various instruments clearly sit uneasily with multilateral rules and norms.

Concrete examples of this kind of backlash are emerging. The new EU-U.S. trade deal breaks multilateral rules; in response, a new grouping of Singapore, UAE, Malaysia, Rwanda, Uruguay has formed to protect rules-based trade. The EU accuses the United States of bullying it, but the EU is itself

³⁷ Henry Farrell and Abraham Newman, 'The Weaponized World Economy: Surviving the New Age of Economic Coercion,' *Foreign Affairs* 104:5 (September/October 2025), pp. 8–23.

accused of bullying by Mercosur as it works to decrease the latter's agricultural gains; uncomfortably, the Commission frames the Mercosur deal as an accord with democratic allies and yet is pushing it through by circumventing the Union's own democratic checks and balances. Developing countries complain that under the Global Gateway, the EU is imposing 'Buy European' clauses and looking to them for raw materials, even as measures like the carbon-border adjustment mechanism (CBAM), deforestation restrictions and due diligence regulations add additional hurdles for their own exports to European markets – the very opposite of their understanding of strategic partnership. They now protest that the transport corridors and other infrastructure are focused on extracting and exporting Africa's mineral wealth without due consideration for Africa's own economic development, rather than these initiatives being mutually beneficial.³⁸

5.2.1. Regulation and security

Debate is, of course, raging about the right degree of deregulation, and this has a security dimension. One common argument is that the EU gains a lot of political and strategic leverage from its regulatory power and some fear that the deregulation agenda could undermine this. The challenge is for any deregulation aimed at competitiveness not to weaken the most strategically influential forms of regulation. As the EU moves away from open global markets and seeks its own economic autonomy, this clearly undermines its own regulatory power: others no longer need EU norms as much if the Union seeks to limit access to its markets.

5.2.2. EU-US-China triangular tensions

For quite some years the EU has been de-risking from China and admitting this will have a financial cost; the shift in US trade policy makes the de-risking from China more challenging. Strategic autonomy is about technological independence from U.S. firms and other kinds of economic independence from China. There are good strategic reasons for the EU to resist dependence on both the United States and China, while the economic costs of doing so increase the more the EU gets squeezed in the middle of an economic zero-sum competition between them. The EU's recently imposed 50 per cent tariffs on China display how costly this squeeze is likely to become – as does China's efforts to restrict access to critical raw materials for European and American firms.³⁹

³⁸ Buhigas Schubert, C., & Costa, O. (2023). *Global Gateway: Strategic governance & implementation*. European Parliament Policy Department for External Relations Directorate General for External Policies of the Union. European Commission. (2025, July 10). *Global Gateway – European Commission*. https://international-partnerships.ec.europa.eu/policies/global-gateway_en. Gerasimcikova, A., Sial, F., & Vanaerschot, F. (2024). *Who profits from the Global Gateway? The EU's new strategy for development cooperation*. Eurodad, Counter Balance, and Oxfam. https://cisp.cachefly.net/assets/articles/attachments/93807_01_eu-gg-report-2024-final.pdf. Hellenicaid. (2025). *List of Global Gateway Flagship Projects For 2025*. <https://hellenicaid.mfa.gr/wp-content/uploads/2024/12/Global-Gateway-Flagship-Projects-2025-1.pdf>. Tagliapietra, S. (2024). The European Union's Global Gateway: An institutional and economic overview. *The World Economy*, 47(4), 1326–1335. <https://doi.org/10.1111/twec.13551> van Wieringen, K. (2024). *Global Gateway 2030: The future of Europe's global infrastructure bid*. European Parliament. Directorate General for Parliamentary Research Services. <https://data.europa.eu/doi/10.2861/97607>

³⁹ Ryan McMorro and Demetri Sevstopulo, 'China Unveils Sweeping Rare-earth Export Controls to Protect "National Security"', *Financial Times* (9 October 2025) <https://www.ft.com/content/c4b2c5d9-c82f-401e-b763-bc9581019cb7>.

5.2.3. Climate and technology trade-offs

Draghi's notion of competitiveness does not fully take on board environmental impacts. Some strategic experts fear the new defence spending could dramatically undermine the EU's ability to meet its own climate-security targets.⁴⁰ The search for 'technological sovereignty' is likely to have a huge environmental impact within Europe and through EU external economic relations, and this will weaken the Union's climate security, as defined above. The EU's quest for technological sovereignty has clear financial costs but also non-monetary costs in foreign-policy terms, even though these are harder to quantify. The risk is that the EU cuts itself off from cutting-edge technological advances that it will need to enhance competitiveness. It needs some autonomy but not too much disconnection from global tech networks.

5.3. National vs EU goals

Another tension is between member states' economic aims and the EU-level security focus. While member state governments support EU economic-security protection and funding, the creep towards more managed markets also tightens their concern with national economic competitiveness – often against other member states. They often interpret strategic autonomy as autonomy for national economic policies from EU rules. The influence of radical right parties on both sides of the Atlantic is an additional factor pushing in this direction.⁴¹ This growing emphasis on national sovereignty deepens the tension between the economic realm and EU-level foreign-policy and security actions. National economic interests seem to be putting at risk common EU strategic interests and the foundations needed for EU 'foreign economic policy'. Some see the aims primarily in terms of more state intervention, others in terms of reconfiguring supply chains, others in terms of new export markets: these different points of emphasis in the debate have different implications for the conduct of EU foreign policy.

⁴⁰ The Transnational Institute, NATO'S 3.5% Spending Goal: Unsustainable on every count, 19 June 2025. Available at: <https://www.tni.org/en/publication/natos-35-spending-goal>

⁴¹ Sophia Besch and Tara Varma, 'Alliance of Revisionists: A New Era for the Transatlantic Relationship,' *Survival* 67:2 (2025) pp. 7-38.

6. RECOMMENDATIONS

Europe needs to think strategically, and it needs to develop a sense of Niinistö called 'strategic responsibility' at the end of the preface to his report.⁴² But that new and encompassing sense of responsibility implies making hard choices and sticking with them. Beyond easy assertions about economic and security agendas being aligned, the exercise of strategic responsibility is where the EU should focus the next phase in its policy development.

1. The EU needs to better define exactly what kind of foreign and security policy interests are to be aligned with economic goals. It needs to spell out and define with clarity how it defines those interests so that the values of financial deployments can be properly monitored. The EU should openly recognize that there will be tensions between economic and security aims and that it needs to define trade-offs between the two. In this, the EU needs to make a clear distinction between acceptable forms of interdependence and necessary or important forms of autonomy.
2. The Commission and External Action Service should be obliged to carry out a 'strategic interests' audit of all new EU trade, economic and critical minerals partnerships. These should be tasked with quantifying the impact of these agreements on the broader range of EU strategic interests. The European Parliament could compile its own audits as a basis for accountability debates.
3. The EU should ensure that the next phase of the Global Gateway gives a much more transparent and clearer account of how infrastructure investments connect with European security goals and cooperation, and wider resilience aims. This could be shown each year in something like a Global Gateway Scorecard. The EP should play a powerful role in pressing for the Global Gateway to become more open and political-strategic in this sense, by shining a critical spotlight on cases where it fails to live up to this commitment.
4. The EU should focus its positive support for EU companies in very specialist areas of competitive advantage rather than trying to develop whole sectors that exclude non-EU companies, as this encourages other powers to share less technology with EU due to geostrategic mistrust. An EU forum with companies involved in this support could help sensitize them to the foreign policy aspect of the economic-security nexus.
5. If the EU now aims to build up its defence industry competitiveness through more preferential support for EU producers, then it also needs much more rigorous rules on its arms exports. The risk is real of increased amounts of weapons, backed by public financial support, going to regimes not aligned with EU security goals.
6. The EU needs to run more external support programs that bring together security cooperation with economic goals in third countries. If the defence buildup only focuses on inward-looking territorial defence, then it will weaken the prospects of linking the security realm with EU aims to pursue an internal competitiveness agenda.
7. If, as it claims, the EU really sees the advance of authoritarianism as a key strategic concern then it makes no sense to create autonomy from the US and China by allying with other

⁴² Niinistö, *Safer Together*, p. 11.

autocracies. If the EU does not in practice see this as a priority interest, then it needs to be more open about this to calculate more accurately what kind of trade-offs are needed. This 'governance resilience' needs to be part of the economic-security fusion and stipulated more explicitly.

8. The EU needs more fully to incorporate aspects of climate resilience and climate security as part of these definitions as without doing so it fails to register one of the key challenges in ensuring alignment between economic and foreign-policy goals.
9. Member states need to show each year how their national policies have enshrined the EU-level economic-security fusion as laid out in the Draghi report and other policy documents. The European Council should make room for a debate around such reports and an annual report of progress made. A Team European approach might usefully be employed to monitoring how far the economic and security agenda are being brought into line in practical terms.
10. The European Commission and European External Action service need to work closely with civil society groups across the Member States to develop a greater awareness of the implications of assuming greater strategic responsibility for European competitiveness as well as European security.

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Abstract

The EU has made welcome commitments to bring its economic and security aims into closer harmony with each other. Despite some advances in this fusion, the EU needs more precisely defined strategies for giving it tangible substance – and also for addressing the tensions that exist between economic and security policies. The present report proposes ten concrete ideas to take this forward.

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