

# Economic Security

Global Security Pulse, Strategic Monitor 2019-2020



## Novel and Important Signals to Watch: Threats and Opportunities

- **The Chinese communist party is becoming less covert in its economic espionage**
  - China is the biggest threat when it comes to economic espionage, increasingly expanding into Europe [AIVD](#)
  - China's State Security Ministry works in close collaboration with Chinese enterprises [Washington Post](#) [BBC](#)
  - *Does the fact that the Chinese are able to act more in the open mean their tactics are on a higher level?*
- **Chinese FDI is prominent in the EU, increasing China's political influence**
  - A majority of EU member states, including Italy (the first G7 member) have pledged closer economic cooperation with China in connectivity, (energy) infrastructure and trade [Politico](#) [Reuters](#) [Carnegie](#)
  - Brussels fears the potential political influence China could have on these countries [EU Observer](#)
  - *Now it is FDI, but in the future the EU will have to deal with China on other topics as well (e.g. export control or defence cooperation) – is the EU ready for this?*
- **Cyber attacks against Dutch vital water infrastructure are becoming serious security challenges**
  - Dutch water defence systems are not adequately protected against cyber attacks [FD](#)
  - AI malware will allow hostile actors to wreak havoc on a scale hitherto unknown [Atlantic Council](#)
  - *How can we prepare Dutch vital infrastructure against future technological developments such as AI?*
- **Heightening geopolitical tensions around the Nord Stream 2 pipeline among EU and NATO partners**
  - The debate about the commercial and geopolitical consequences is heating up [ECFR](#) [FD](#)
  - The US is threatening to impose sanctions on EU countries that are involved in the project [Reuters](#)
  - *How can the EU get a grip on how far Russia's influence already reaches?*

# Economic Security

Global Security Pulse, Strategic Monitor 2019-2020



## Long-Term Trends: Development of the Threat

Multifactor Threat Assessment (10-year timespan)

Trends	Indicator	Trend
Trade tensions	Trade protectionism: export and other subsidies, tariff measures, trade-protective measures, government procurement restrictions	▲
	Level of WTO dispute settlement activity	▲
	Economic freedom	▼
Open trade routes	Global seaborne trade (80% of total trade in goods)	▲
	Number of piracy attacks	▼
	Vulnerability of maritime chokepoints	▲
FDI and takeovers	FDI regulatory restrictiveness	▼
Energy and raw materials	Energy dependence of EU (gas, petroleum, solid fuels)	▲
	(Critical) raw materials dependence of EU	▲
Economic espionage	Threat level of economic (cyber) espionage NL/EU	▲

■ Decreasing threat    ■ Increasing threat  
▲ Upward    ▼ Downward    — Net-zero / Stable

# Economic Security

Global Security Pulse, Strategic Monitor 2019-2020



## Novel and Important Signals to Watch: The International Order

- **China (BRI) is increasingly present in Europe, causing political discord within the EU**
  - BRI has been criticised as a tactic to undermine EU unity and pit European powers against each other [Business Insider FT](#)
  - Major EU states are increasingly vocal against Chinese investments in certain fields, but deals are still being signed [SCMP](#)
  - *How can the EU sustain unity in the face of the appeal of Chinese FDI to individual members?*
- **EU shifts gear when it comes to European industrial policy**
  - The EU has adopted a new framework for screening FDI into the EU [European Commission](#)
  - The energy transition is another factor forcing the EU to change industrial policy [Chatham House](#)
  - *Will this unified approach be strengthened or hampered by the growing influence of China in Europe?*
- **Competition in standard-setting is leading to separate spheres of influence**
  - China has been highly proactive in influencing global tech and exporting its own along the “Digital Silk Road” [Mercis](#)
  - The US and China are leading the global competition to dominate AI standards [WIPO EIU](#)
  - *How can the EU stand its ground in the ongoing standard-setting competition?*
- **The energy transition is leading to immense shifts in the geopolitical order**
  - The weight of energy dependence will shift from global markets to regional grids, reshuffling political and economic power [The Global Commission on the Geopolitics of Energy Transformation](#)
  - This shift will lead to shifting alliances in both the oil and sustainable energy markets [Wall Street Journal](#)
  - *Is the EU ready for these profound changes ahead?*

# Economic Security

Global Security Pulse, Strategic Monitor 2019-2020



## Long-Term Trends: Development of the International Order Multiyear Regime Analysis (10-year timespan)

### Norms

Trend

States are bound by a system of rules dedicated to open, fair and undistorted competition	▼
States resolve trade disputes within the multilateral framework of the WTO	▼
States refrain from taking protectionist measures	▼
(Trade) espionage is acceptable state behaviour when used for traditional purposes	▼

### Rules

Trend

The broad regime of WTO rules and agreements on trade, goods and intellectual property rights	▼
Rules of non-discrimination (most-favoured-nation principle and national treatment)	▼

■ Decreasing threat

■ Increasing threat

▲ Upward

▼ Downward

▬ Net-zero / Stable

**Authors:** Minke Meijnders and Merel Martens (Clingendael). **Contributors:** Hugo van Manen, Paul Sinning (HCSS), Maaiko Okano-Heijmans and Danny Pronk (Clingendael)  
For a general methodological justification of horizon-scanning click [here](#) and for the topic click [here](#).

**Disclaimer.** The Global Security Pulse is part of the PROGRESS Programme Lot 5, commissioned by the Netherlands Ministries of Foreign Affairs and Defence. Responsibility for the content and the opinions expressed rests solely with the authors; publication does not necessarily constitute an endorsement by the Netherlands Ministries of Foreign Affairs or Defence.