



## opinion | When European economic sovereignty takes shape

The European Union shows a firm will to protect its security and its economic sovereignty. While the economic war is no longer a simple chimera, Brussels plans to introduce a legislative arsenal to materialize its ambitions, deciphers Sabine Naugès.



“The strategy and approaches adopted aim to maintain a balance between financial and commercial openness and protection of the Union's strategic interests. (Shutterstock)

Posted on August 1, 2023 at 2:45 PM

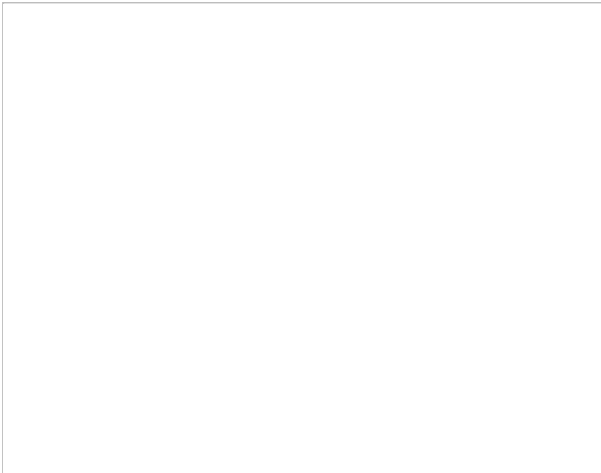
On June 20, the European Union unveiled **its European economic security strategy**. In a context of heightened geopolitical tensions, it shows a firm desire to ensure its security and sovereignty, including economic ones. To this end, it intends to introduce in

particular a control of transfers of sensitive technologies within the framework of European investments intended for third countries.

The strategy and approaches adopted aim to maintain a balance between financial and commercial openness and protection of the Union's strategic interests. In this context, the associated legal instruments should introduce significant constraints for economic actors, if their activities involve third countries or entities linked to these countries. These measures reinforce **the European legislative arsenal** , which is already very substantial.

## **Asserting the leading role of the European Union**

Four categories of risks are identified for European economic security. They correspond to the threats highlighted in the recent period: the resilience of supply chains, the physical security and cybersecurity of critical infrastructures, the security of technologies and economic coercion.



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If the objective of **no longer depending on powers such as Russia or China** is clear, the means used could give rise to lively debates between the Member States. The Union is therefore adopting a measured approach, based on close association of the Member States in the decision-making process. This approach consists of reducing the risks associated with our economic interdependencies and strengthening the Union's leading position in the global technological race.

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Two new instruments could thus have major implications for economic players, European or not, operating in the internal market: the draft anti-coercion regulation and the control of outgoing investments. The regulation on the protection of the Union and its Member States against “economic coercion” exercised by third countries should be adopted very soon. Its objective: to deter and thwart the actions of countries which interfere in the sovereign choices of the Union or of a Member State.

## **Screen foreign investments**

The text provides for the possibility of implementing measures that can target both natural and legal persons. These measures are multiple: institution of new or increased customs duties and a series of restrictive measures relating to imports, exports, the protection of intellectual property rights, banking operations, insurance, access to the Union's capital markets, registration and authorization of certain products, or even access to research programs financed by the Union.

Another initiative should be proposed by the Commission, by the end of 2023, to define a framework for screening outgoing investments, in cases where the capital, technologies and know-how concerned could present risks for the security and resilience of the Union.

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This new instrument would concern a limited number of so-called sensitive fields and technologies, such as robotics or AI, and should give rise to lively debate between the Member States. Investment policies essentially fall within their competence. Moreover, its development and implementation should be carried out in coordination with the United States, which plans to deploy its own mechanism for screening outgoing investments.

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