

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?*

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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

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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?*

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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

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For a general methodological justification of horizon-scanning click [here](#) and for the topic click [here](#).

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