




Let Finland and Sweden champion transatlantic economic security

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A fiercely competitive geoeconomic environment demands new ways to combine national security with economic prosperity and innovation. Finland and Sweden could take the lead, write Heiko Borchert, Pär Malmberg, and Mikael Wigell.

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The West's business model is in trouble.

Since 1990, the long shadow of US hegemony has nurtured a benign international environment, propelling businesses to leverage open and connected markets. Companies have been given free rein to globalise their production and supply chains. But, alas, the honeymoon period of globalisation is over.

Today, the page of history is turning. Connectivity has turned toxic as the West has discovered how economic dependence creates vulnerabilities and may offer avenues for malign influence.

Overdependence on external actors for strategic goods such as energy or critical minerals can be used against the West, jeopardising competitiveness, resilience, and national security.

In response, Brussels, Washington, and other decision-makers are stepping in. Governments are back in the driver's seat, trying to pick winners with new industrial and innovation policies, regulating which products can be exported where, and ring-fencing critical industries and innovators against external acquisition.

However, as governments seek to regain market control, they risk overstretching in terms of the knowledge, capability, and capacities needed to make sound decisions. At this critical juncture, a newfound zest for protective policies risks undermining the economic strength of the transatlantic community.

This is where Finland and Sweden can step in as champions of combining national security with economic prosperity and innovation.

To varying degrees – and in different ways – both nations have decades of experience advancing national preparedness to underpin resilience and competitiveness. Regulatory preparedness regimes stipulate responsibilities for companies critical to the security of supply and give them leeway in how best to comply.

Stockpiling critical goods is considered necessary, funded by the government and co-organized with companies. Finland is currently a leader in this, and Sweden was the Cold War role model but is now quickly regaining lost ground. Both nations emphasise close public-private interaction, which perfectly mirrors today's most pressing need.

In a highly competitive geoeconomic environment, in which economics is used to further political interests, the corporate sector constitutes the first line of defence. Corporate national security responsibility is in high demand, but a strict “profit and loss” business logic eradicates the slack needed to deal with unforeseen events.

In parallel, complex corporate supply chains are challenging to understand, duly running the risk that interventions might change regulatory and competitive dynamics with unintended consequences.

Consequently, the idea of economic security is on the rise. This concept emphasises the interplay between national security, monetary policy, technology, and innovation and thus comes with a myriad of challenges.

Economic security must ensure the continuity of strategic flows such as goods, commodities, services, capital, data, and money and the free movement of people spanning countries of origin, transit, and destination.

As a result, economic security cuts across the existing responsibilities of individual countries, ministries, agencies, and companies, requiring a new whole-of-society approach.

Finland and Sweden are well-equipped to address these issues.

Their national preparedness policies are highly integrated across borders. The tradition of civil defence is grounded in public-private solid links, and the joint training of state and industry leaders forms a shared sense of duty.

The logical next step is for both nations to jointly establish the Center of Excellence on Transatlantic Economic Security (CETES).

Economic security amid assertive geoeconomics is a pressing challenge, needing a proper institutional home. That is why the binational CETES located in Stockholm would complement the Helsinki-based Center of Excellence for Countering Hybrid Threats.

Open to all EU and NATO members, CETES would also include transatlantic business representatives as founding partners to represent the dual nature of economic security.

CETES would be an action-oriented hub of excellence, advancing critical thinking on economic security, raising awareness among public and corporate leaders, developing analytical tools and instruments, promoting training and education, collecting and disseminating good practices, and supporting sustained transatlantic efforts to get multinational partners to coalesce around the need to strike a new balance on how to reconcile public and corporate interests to protect and enhance economic security.

With a focus on solving pressing problems, CETES would support NATO and the EU. The North Atlantic Treaty emphasises the importance of economic cooperation in Article 2 and resilience in Article 3. Economic cooperation is at the heart of the Economic and Security Committee of the Parliamentary Assembly.

Additionally, allies adopted the seven baseline requirements for national resilience in 2016. Combining both lines of effort, CETES would unite defence planners, civil defence, and corporate experts to turn economic security and stability into capability targets that drive allied defence planning.

Moreover, CETES aligns entirely with the European Commission's June 2023 policy vision on economic security. For example, this paper highlights the pressing need to improve economic intelligence and assessments. In this regard, CETES constitutes a new mechanism for critical information sharing on financial security with companies across member states.

In addition, CETES would be instrumental in conducting supply chain risk assessments that bridge the public-private divide and include supply chain partners in countries of origin, transit, and destination.

Economic security is an international multi-stakeholder effort. Given their track record and current policy direction, Finland and Sweden are the perfect couple to act as framework nations in setting up CETES to bolster the geoeconomic toolbox of EU and NATO members in furtherance of innovation, prosperity, and security.

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