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**EU's ECONOMIC SECURITY AND THE CHANGING  
INTERNATIONAL ENVIRONMENT**

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**Abstract:**

The international environment has changed dramatically during the last few years, and many events have influenced the military, economic, social and political dimensions of the entire world. The wars in Syria and Ukraine, the refugee crisis, the rise of terrorist organizations in Europe, Brexit, Russia's interference in US domestic elections and, last but not least, Donald Trump's election in USA are some of the events that have shaped the new international stage. The economy is the main pillar of the EU's development and the economic security is one aspect that needs immediate attention from the EU's leadership. The challenges to the EU's economic security are more present than ever and they are not only external but also internal. The paper aims to analyze the relationship between the recent changes of the international environment and EU's economic security and the perspectives of EU's economic security facing the new challenges and opportunities.

*Keywords: economic security, European Union, international environment, geopolitics.*

**1. Introduction**

The international environment has changed dramatically during the last few years, and many events have influenced the military, economic, social and political dimensions of the entire world. Nowadays, our security faces new threats (terrorism, migration, hybrid threats, economic volatility and energy insecurity) and the internal and external dimensions “are ever more intertwined”. [10]

European Union is “surrounded by an arc of instability” [11], the destabilization of Ukraine and “an unpredictable and revisionist Russia” to the East, the war in Syria, the tensions in the Middle East and in the North Africa are “generating geopolitical threats of almost unprecedented complexity”. [16]

At the same time, Brexit, Donald Trump's election in USA and, last but not least, Russia's interference in US domestic elections are some of the events that have shaped the new international stage.

The fact that “security matters”, that it is part of the ordinary, is one of the realities of contemporary society. The term is used in various areas of social life, being present in the speeches of politicians and analysts, and images of security and insecurity are a constant presence in everyday life. Paul D. Williams [26] argues that it is impossible to understand the current global political world without referring to security, a concept that saturates the societies around the world. In this sense, it was not only a few that tried to

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understand and explain the concept of security, to identify outbreaks of risk and threat and eventually to offer solutions to them.

The idea of security has been a central theme of the European political thinking since the Seventeenth Century crisis and the significance of the word “security” as well as the political idea have undergone continuous transformation. [27] The end of the Cold War and the expansion of the globalization process have generated intense debates about the conceptual delimitations of security, what needs to be “secured”, how and what are the sources of instability. [7] Also, the number and importance of actors on the international scene have increased and the interactions between them and state actors have eroded the border between internal and external issues. In this process of redefining security, the economic dimension occupies a central place, because the economy is the “engine” of globalization and the main driver of the relations between states.

The security of Europe is more than ever linked to the security and stability of the surrounding regions, the internal and external dimensions “are ever more intertwined”. The development of EU is depending “on a strong internal market, an open and fair international economic system, and sustainable access to the global commons”. [10]

The internal and external dimensions of security are interdependent, “environmental degradation and resource scarcity know no borders; neither do transnational crime and terrorism”. [10] EU must address both dimensions of these challenges, the internal and the external, through an integrated and “multi-dimensional approach”, using “all available policies and instruments aimed at conflict prevention, management and resolution”. Only dealing with both dimensions can be achieved a long-term solution to the complex problems EU’s facing today. The solutions need to be “rooted in broad, deep and durable regional and international partnerships”. [10]

### **2. Security and economic security**

Security had different meanings for people, depending on the context, their time and place in history. [27] For some authors, security is like beauty, a subjective and elastic term, meaning exactly what that person says, neither more nor less. Etymologically, the term “security” has evolved from a positive term, to a negative term, derived from the Latin term “*securitas*”, derived from “*cure*”, meaning “without care”. [21] However, security is currently related to a threat to an object, which is about survival, and therefore involves protection against it, thus an unwanted situation. [8] Some analysts, such as Buzan, regard security as an absolute condition: there is security or there is no security. [5] Baldwin, on the other hand, claims that we can speak of security levels, a relative condition, because absolute security cannot be achieved. [2]

At first, economy caught the eye of national security by the importance it had on assuring the defence capabilities and sustaining a competitive industry for the defence sector. At the same time, economy through the use of economic sanctions or other non-military instruments augmented the power of the state. The success depended on the ability “to create and sustain a performance economy and a sustainable economic growth.” [1] In Buzan’s opinion, economic security refers to the access to resources, finance and markets which are needed to support acceptable wealth and power levels in the state. [1, 6]

Tsereteli states that the concept of economic security refers to “long-term security of the access to economic opportunities in markets and resources such as people (human capital), capital, energy, water, technology and education”. [1, 23] In the interconnected global environment, economic power and prosperity, access to resources, and cutting-edge technologies are defining both power and vulnerabilities, turning competition in these areas more and more into a securitized game. [15] Geopolitics is being replaced by

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“Goeconomics” and becomes the main concern on the international agenda, economic power is the driver of primacy or subordination of states in the international system. [22]

Nesadurai considers that a concept of economic security that does not consider the globalization of the economy does not correspond to the realities of contemporary life. Economic security is not just about the fluctuations in GDP, workforce occupancy, productivity and other indicators that have been major concerns for decades. Nowadays, economic security refers to the global market, the flows of capital, products and services, through which, economic instability may be passed on. [1, 22] At the same time, globalization brought into discussion “new definitions of economic security centred on two types of flows. The illicit flows that are harder to control and can easily take the shape of legitimate economic transactions (terrorism, crime, pollution) and economic shocks (financial, to a great extent) that may undermine economic growth, raise inequality and threaten political stability.” [1, 17]

The fact that economic problems in different countries and regions can become a threat to security for other countries and regions, not only in the economic but also in the political and military sense, emphasizes the importance of the concept. Economic security is no longer a matter that only concerns the internal policy of the state, but it has become, a factor of stability or instability regarding political and military conflicts and destabilizes (or stabilizes) the situation in the region. The increasing role of the economic dimension in political matters is leading to changes, from “reactive to preventive” resolution methods. [1, 19]

Economic security, besides the ability to maintain and develop their socio-economic system of choice, under conditions of anarchy, means meeting global challenges in the shape of access to resources and climate change. [15]

Sperling and Kirchner consider that economic security has two dimensions. First, “economic security reflects a concern over sustaining economic welfare, over the ability of the state to protect the social and economic fabric of a society”. Second, “economic security concerns the ability of the state to foster a stable international economic environment in order to extract the welfare gains of openness while minimizing the potentially negative consequences for national welfare flowing from a loss of policy autonomy”. [24]

### **3. European Union and economic security**

According to the European Commission 1993 White Paper, Growth, Competitiveness, Employment – the Challenges and Ways Forward into 21<sup>st</sup> Century, economic security is “one of the most important” dimensions of the new concept of security and it “must be protected”. The economic security of the European Union will be attained maintaining “macroeconomic stability, production capability, safeguarding competitiveness, securing market outlets and ensuring access to resources.” By doing this, European Union will keep its relative economic position in the global economy. [15]

The destabilization of Ukraine by Russia, the “frozen conflicts” in the Black Sea region and the war in Syria have put an end to the long lasting peace of Europe. The unity of the European Union is being questioned by the Brexit, the political leadership at the White House has changed and the migration phenomenon is on top of the concerns in the European Union.

First, Trump’s victory in the presidential elections of 2016 represented an important milestone for the future of the transatlantic relations. European economy, based on open

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trade and investment, is being threatened by the position of the new elected president of the USA. Trump's presidential campaign was focused on a "protectionist rhetoric" [18], the objectives were "to create jobs in the US, close the trade deficit, and get "good deals" for Americans." [3] The consequences of his policies for the international system and for the EU's economy are impossible to overstate, "he is a nationalist on economic policy, and in relation to the global political system". [14]

The European Union and United States have a strong relationship, based on "solid political, cultural, economic, and security foundations" that merit further deepening. With regard to the economic dimension, the Transatlantic Trade and Investment Partnership (TTIP) represent an opportunity to further develop the relationship. The TTIP it's not just a "free trade and investment agreement", but can stimulate economic growth on both sides of the Atlantic. The future of the TTIP is hard to predict, the new president of the USA stated that he intends to "change the way the US does business with the rest of the world" and "even suggested withdrawing the US from the World Trade Organization". With regard to the climate change, "he denied the science of human-caused climate change, describing it as "fictional" and he "cancelled" the Paris Climate Agreement. The TTIP looks highly uncertain with Donald Trump in the White House and even a "less ambitious is not certain to be ratified with its possible impact on public services as well as environmental and food standards." [4]

Moreover, EU's economy is heavily dependent on exports as a source of growth and it could be affected through a rising protectionism, financial (rising US interest rates, reversal of capital flows) and foreign exchange policies (a weaker dollar drives up the euro). [12, 13] According to the EU Forecast, the risks associated with the shifts in the US policies, "the eventual package of US fiscal stimulus, its interplay with the pace of monetary policy normalization, as well as in trade policy", maintain the uncertainty for the economic growth of the EU. [12]

Second, following the referendum in June 2016 the UK decided to leave the European Union and it is scheduled to depart on 29 March, 2019. The consequences of the Brexit vote, for the UK and European Union remain "contested". Brexit represents a significant rupture for the European Union, and the economic concerns are high on both sides. European Union would feel the loss of UK's economic approach, it's "free-market", even though some countries noted a growing "mercantilist" attitude. [28]

The UK's decision to leave the European Union and the dragging of the negotiation process have increased the uncertainty and the potential for economic risks. The UK and UE are facing the "unavoidable interdependencies of geographical neighbours" and they should strive for a "divorce so that it does not weaken Europe further at a time of major challenges to the security, freedom and wellbeing of its peoples". The risks are to be "dragged into unprincipled bargaining and, albeit in slow motion, weakening his position in the wider world." [23] The European Union Outlook remarks that Brexit vote along with other events, have led to uncertainty. Uncertainty is seen as a threat to the stability and growth of the European economy and a long negotiation process would only escalate it. In their opinion, "uncertainty about the outcome of the exit negotiations is expected to remain high" and we could see a reduction of investment. [12]

One other aspect which should be taken into account is the future of the trade relations and what happens to the European Union's citizens living in the UK after the Brexit. The interest should be to diminish the side effects of the Brexit for the European Union and, if possible, to be turned into an opportunity. The negotiations should be focused on their long-run interests and likely interdependencies, not on their near-term goals. [23] In a volatile and dangerous world, "an escalation or a costly disengagement"

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[23] after the Brexit will be unfavourable to everyone and will only increase the uncertainties regarding the economic security.

Third, the number of terrorist attacks that have been carried out on European soil has increased dramatically during last few years. At the same time, the migration phenomenon became a major issue for the people of the European Union with “the arrival of millions of migrants, asylum seekers and refugees”. [16]

The migration problem was ranked number one in the list of European concerns at the end of 2015 and the “hottest issue” in Europe in 2016-2017. The arrival of migrants increased the terrorism risk and started a “nationalist and xenophobic support” in the EU countries. At the same time, the economic impact of this influx is being highlighted by the “spending on housing, food and integration and training measures”. [16]

However, Europe is facing an ageing and shrinking workforce that has generated downward labour productivity and will not be able to sustain the economic growth. [16] The European Commission, in its communication Europe 2020, identifies as “long-term challenges – globalisation, pressure on resources, ageing”. Moreover, Europe’s employment rates are still significantly lower than in other parts of the world. Finally, there is the problem of an ageing and shrinking population. The combination of a smaller working population and a higher share of retired people will place additional strains on Europe’s welfare systems. [9, 15]

Having this in mind, the migration phenomenon could be the chance to fix the decline of the working force in the European Union. Through integration and training policies, migrants could find jobs and “they will require less public support and start paying taxes and social security contributions”. [11] At the same time, the migration challenge must be addressed by a comprehensive approach that integrates the external and internal dimensions, as well as dealing with the root causes in the long term.

### **4. Conclusions**

The economic dimension of the security and the interdependences regarding this issue have become increasingly important in the context of the new developments on the international stage. European Union is not an exception to this evolution, because it’s based on an economic integration process and the social, political, military or any other collaborative aspect, even influenced the political decision of every Member State to take part in this supranational structure, was formalized after the success of the first stages of the economic integration process.

The present international context implies some major challenges to the European Union’s economic security. First of all, we can mention the Eastern border of the European Union, characterized by an active military conflict and significant development gaps that need to be addressed by the EU’s Neighbourhood Policy. But directing funds to this area, after the experience of the last decade, when the Central and Eastern European Countries were the main beneficiaries of the structural and cohesion funds, could stimulate the anti-EU opinions in the most developed European economies.

Maybe the most important actual challenge to the European economic security is the risk regarding the economic growth and the economic development. For instance, Brexit means, first of all, a few years of uncertainty during the negotiation of the new status of UK in the relation with EU. The best proof of this perspective are the general evolution of the economy and the volatility of the financial markets after the referendum. At the same time, UK is one of the Member States with strong economies, one of the “engines” of the whole European economy, an example of “free market” with high economic performances. The interdependences between the British economy and the rest

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of the European Union are obvious and they cannot be neglected. The way the Brexit is negotiated will be decisive for minimizing the negative impact of this process.

The other issue with a strong impact on the European economy is the evolution of the relations between the United States and the European Union. Brexit, which offers the possibility of a particular economic partnership between USA and United Kingdom, and Trump's election create the premises of a lower priority for negotiating the Transatlantic Trade and Investment Partnership, which was a good opportunity to stimulate economic growth in the both continents.

European Union continue to face some structural problems, with a high potential negative impact, coming from the economic heterogeneity, the gaps between West and East and those between North and South, the problems of the "euro zone", the excessive bureaucracy and the complicated legislation in many fields, the general aspects regarding the business environment, the lack of competitiveness etc. All of them have maintained a significant Euro-sceptical current and the recent decision of the British voters to leave the European Union could be an example for other countries to question the EU's membership.

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