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Austria's Economic Defence as an Integral Part of a European Security Strategy

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In light of growing geopolitical uncertainty, hybrid threats, and strategic economic dependencies, economic national defence is gaining renewed relevance in security policy. This policy brief examines the role of Austria's national economic defence as an integral component of a European Security Strategy. It focuses on the strengthening of economic resilience by using an innovative quantitative approach for detecting vulnerabilities in the global trade network. The analysis further explores how national instruments can be aligned with European initiatives within the framework of the Common Security and Defence Policy and other EU resilience mechanisms. The article concludes by outlining key policy options and argues for enhanced coordination between national preparedness and European Security Policy to sustainably strengthen Europe's strategic autonomy. It envisages Austria's future role as an upgraded hub for the CEE region.

1. A new pillar of the EU Policy Agenda

1.1 The geoeconomic turn: from interdependence to strategic vulnerability

The post-World War II international economic order was based on a fundamental assumption that deepening economic interdependence among nations would foster a mutual interest in stability, prevent conflicts and generate prosperity through the expansion of trade and investment flows. This consensus shaped European policy for decades, leading to the assumption that security concerns could be separated from economic policy. However, the current global landscape is marked by a geoeconomic turn that fundamentally reexamines the logic of economic relations (Blackwill & Harris, 2016). The war in Ukraine, the increase in trade vulnerabilities concerning essential raw materials, intensifying technological competition between major economic powers, and the deliberate weaponisation of economic dependencies illustrate that economic relations are no longer merely tools of mutual benefit but have become central instruments of geopolitical competition and coercion (Rosén & Meunier, 2023; Felbermayr et al., 2022).

This transformation has profound implications for the European Union and its Member States, including Austria. For the first time in the post-war era, European policymakers must fundamentally reassess the

relationship between economic openness and strategic vulnerability (Bercero & Poitiers, 2025). While the traditional view held that reducing trade and investment barriers would enhance prosperity and peace, contemporary experiences reveal that deep economic integration with partners who do not share the European Union's strategic interests, values, or institutional frameworks can create asymmetric vulnerabilities. These vulnerabilities can be exploited through economic coercion, supply chain disruptions, technology restrictions, and the weaponisation of critical dependencies (Felbermayr, 2023).

This recognition has catalysed a major reorientation of European economic policy, moving economic security from the margins of policy discourse to its very centre. As the European Commission itself noted in its Joint Communication to the European Parliament and the Council on "Strengthening EU economic security" of December 3, 2025, the Union now faces risks that are "not new but have recently intensified", with vulnerabilities that are "now more visible, more pressing, and more difficult to overlook" (European Commission, 2025). The growing importance of economic security demands a decisive shift in EU policy from risk identification and reactive crisis management towards proactive, systematic management and mitigation of

strategic vulnerabilities, that is even reflected in the institutional architecture of the European Union.¹

1.2 Economic security as principle of economic statecraft

At its most fundamental level, economic security refers to a nation's or economic union's ability to protect its essential economic interests in the international system while maintaining functional economic capacity in the face of external geopolitical shocks and deliberate threats.² More specifically, the European Union defines economic security as concerning "the Union's ability to ensure security, alongside other objectives, through a strong, dynamic and resilient economy by anticipating, deferring and responding to potential or actual threats, linked to the EU's economic relationships with the wider world" (European Commission, 2025).

The core objectives of economic security encompass a comprehensive array of strategic concerns (Steinberg & Wolff, 2024). In particular, as identified in the Joint Communication to the European Parliament, the European Council and the Council on a "European Economic Security Strategy" of June 20, 2023 (European Commission, 2023), economic security necessitates:

- establishing and securing stable and resilient trade relations for essential commodities, ranging from critical raw materials necessary for green energy transitions and advanced manufacturing, to agricultural products and pharmaceutical inputs;
- protecting critical infrastructure, such as energy, transportation, and communications networks, as well as digital and financial infrastructure;
- defending against deliberate economic coercion by third countries, particularly the weaponisation of trade relationships, investment flows, and trade dependencies to extract political concessions or inflict economic damage;
- preventing strategic technology leakage and preserving technological sovereignty, ensuring that advanced knowledge and capabilities remain accessible to Europe rather than being transferred to competitors or adversaries.

Notably, the definition and pursuit of economic security inherently involve trade-offs. All measures designed to enhance resilience and economic security incur costs and the gains in political capacity and strategic autonomy are accompanied by losses both in terms of immediate economic efficiency and welfare as well as in terms of broader benefits that arise

from unrestricted economic openness. This tension frames much of the contemporary debate about economic security policy in Europe. Therefore, economic security measures should not be conceived in isolation, but rather as components of a coherent (national/EU) security strategy that encompasses military, technological, economic and diplomatic dimensions in parallel (Hilpert & Lohmann, 2025).

Recognising the necessity of a comprehensive policy response, the European Union adopted (in June 2023³) and refined (in December 2025⁴) its Economic Security Strategy, which operates through an integrated three-pillar ("promote – protect – partner") framework that simultaneously addresses supply-side resilience, protective measures, and international coordination. This Joint Communication to the European Parliament and the Council on "Strengthening EU economic security" of December 3, 2025 should also aim to clarify the strategic and coordinated use of existing measures in the EU's external policy toolbox, including guidance on how and when to utilise them in response to specific risks, to best pursue the EU's objectives and interests (European Commission, 2025). Figure 1 displays the core elements of the EU Economic Security Strategy.

The "promote" pillar focuses on strengthening the EU's own competitive and technological capacities across strategically important areas (advanced semiconductors, quantum technologies, artificial intelligence, biotechnology, clean energy transition technologies, digital and space infrastructure).⁵ Measures include support for research and development, the removal of regulatory barriers to competition and innovation, the development of European funding mechanisms for scaling up promising companies, and the facilitation of cross-border integration within the European Single Market (Janger, 2025). However, the "promote" pillar should not be understood as pursuing pure autarky or complete self-sufficiency but rather "strategic indispensability" - positioning the EU as an essential node in the global trade network. This is particularly relevant for Austria, which has significant strengths in precision manufacturing, automotive components, and certain technology areas (see chapter 3).

The "protect" pillar comprises the toolbox with which the European Union and its Member States can identify, assess, and counter threats to economic security.

¹ The growing importance of economic security is also reflected in the renaming of the Directorate-General for Trade to Directorate-General for Trade and Economic Security, symbolising the integration of security considerations into what was previously conceived as purely trade policy.

² The contemporary use of the term "economic security" lies at the intersection of non-financial economic challenges and a broader interpretation of national security. In particular, it emphasises the harm caused by international economic interactions, especially trade relations. See, for example, Murphy and Topel (2013), Bown (2024)

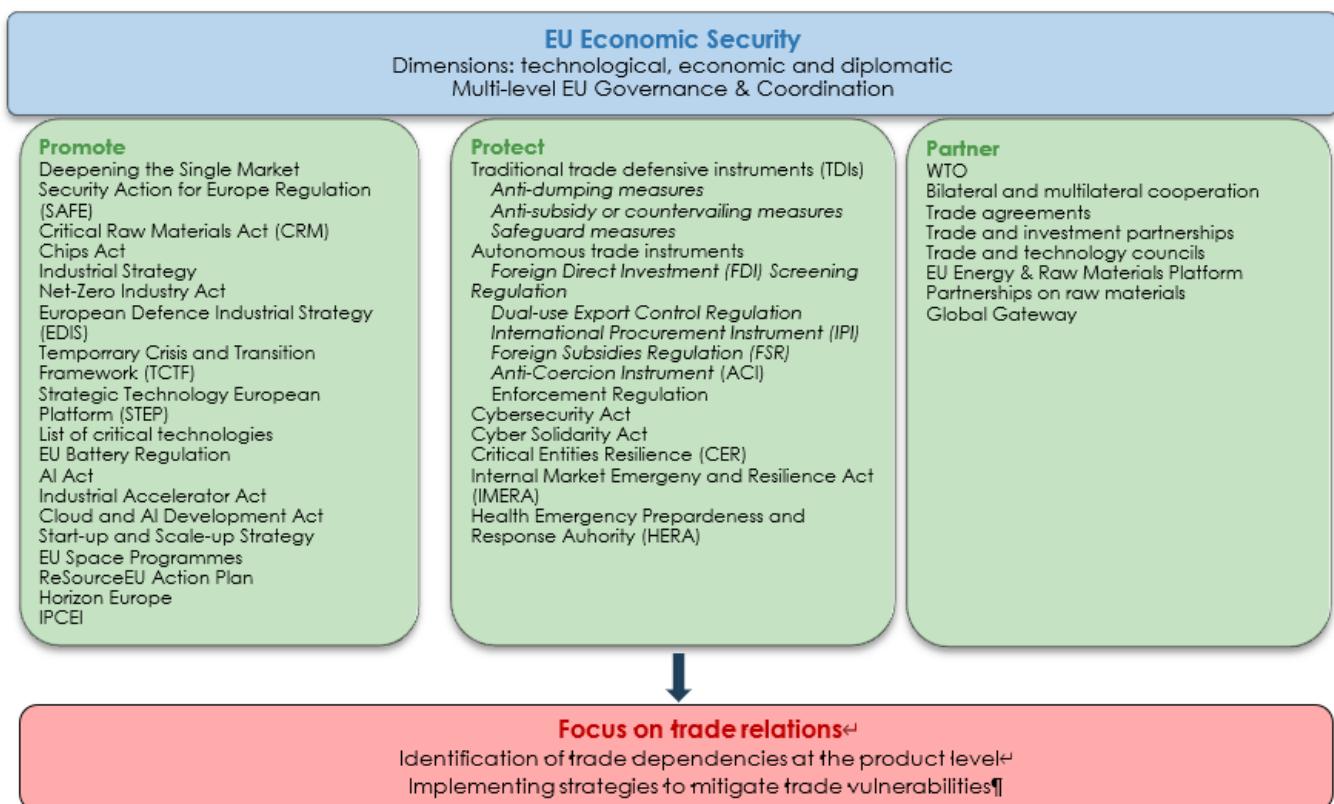
and Pisani-Ferry et al. (2024) for a comprehensive discussion of the definition of economic security.

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52023JC0020>.

⁴ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52025JC0977>.

⁵ These challenges are also addressed in the updated EU Industrial Strategy, which highlights the need to (i) strengthen the resilience of the Single Market to disruptions, (ii) analyse and address strategic dependencies, and (iii) accelerate the green and digital transition (European Commission, 2021b).

Figure 1: Overview of EU's Economic Security Strategy and measures to pursue de-risking



Source: Own elaboration based on MERICS (2024), EPRS (2025).

These instruments include foreign direct investment screening mechanisms designed to prevent hostile takeovers or technology transfers in sensitive sectors; export controls on dual-use technologies; measures to monitor outbound investment in strategically important areas; resilience standards for critical infrastructure; cybersecurity requirements for connected devices and systems; and trade defence measures to counteract unfair competitive practices and market distortions (Wolfmayr et al., 2024). The EU also expanded the use of the foreign subsidies regulation to address competitive distortions arising from third-country industrial policy and subsidies. While the toolbox represents a significant expansion of EU defence mechanisms, it also creates risks of escalatory responses from trading partners and potential disputes over whether security-motivated measures comply with WTO obligations.

The "partner" pillar emphasises international cooperation and the cultivation of coalitions with like-minded countries committed to preserving a rules-based international economic order and jointly addressing common threats posed by the deliberate weaponisation of dependencies. It involves the diversification of trade relations through partnerships with trusted allies and reliable suppliers, the negotiation of trade agreements that simultaneously serve security and economic objectives, the support for strengthening the World Trade Organisation and other

multilateral institutions that provide frameworks for managing economic relations according to agreed rules, and the development of coordinated standards and practices with partner countries to build more resilient trade networks (Christen & Mahlkow, 2024; Christen & Janik, 2026). For small, open economies, like Austria, the partnership pillar is particularly significant because it acknowledges that economic security cannot be achieved through unilateral action but requires coordination with others. Austria's position as a hub for Central European trade linkages means that its economic security is deeply intertwined with broader EU regional dynamics (see chapter 3).

2. From reactive to proactive economic defence in trade relations

Over the past few years, the EU has fundamentally transformed its approach to international economic relations by shifting from reactive to proactive policy, and from purely defensive measures to a more assertive stance that recognises European economic strengths and opportunities (Rosén & Meunier, 2023; European Commission 2021a). This paradigm shift rests on the notion of "Open Strategic Autonomy", a principle that attempts to emphasise the EU's ability to make autonomous choices and shape its economic environment through leadership and engagement, while simultaneously maintaining commitment to

international cooperation, rules-based trade, and multilateral frameworks. Translating open strategic autonomy into operational policy has given rise to 'de-risking' strategies that address vulnerabilities in key sectors through trade diversification, geographical rebalancing of trade relationships and targeted investment in domestic capabilities.⁶ The de-risking strategy thus balances several competing objectives: maintaining international trade openness while reducing geopolitical vulnerability, supporting European competitiveness while enhancing security, respecting Member States' prerogatives while coordinating a unified EU approach. This emerging European approach involves the use of different policy instruments⁷ - including industrial policy - to pursue strategic objectives (see Figure 1).

It is international best practice that economic policy decisions should be made on the basis of both state-of-the-art economic theory and valid empirical evidence. This applies all the more to the complex area of international trade networks and their analysis with regard to interdependencies relevant to security of supply. To be able to develop strategic action areas within the EU economic security framework we focus on the identification of trade dependencies thereby addressing strategic economic vulnerabilities. This approach makes a significant contribution to the scientific and empirical foundation of Austria's national economic defence concept ("Wirtschaftliche Landesverteidigung").

2.1 Identifying trade dependencies and vulnerabilities

As a small and highly export-oriented economy, Austria is deeply integrated into global trade networks, making economic security a key concern. The well-established trade relations, especially within the EU but also beyond EU's borders, promote Austria's diversification of supply and demand. At the same time, these international economic interdependencies are a source of risks to economic security, as trade dependencies hide vulnerabilities arising from geopolitical tensions, supply chain disruptions and changing trade policies. Specifically, trade dependencies characterise economic ties that, if unexpectedly disrupted, could cause significant economic or societal damage and could be used as instruments of coercion, threatening national security and hindering strategic activities. Growing concerns about the potential politicisation or weaponisation of trade dependencies have intensified efforts to identify

critical vulnerabilities (see OECD, 2025; Felbermayr et al., 2022).

Unlike countries on the western or southern periphery of the EU, Austria has historically been more integrated into Eastern European energy supply and trade networks. This geographical and economic proximity to areas of tension increases the structural exposure of Austrian economic interests to geopolitically motivated disruptions. Austria's dependence on energy imports, especially natural gas, has highlighted the risks associated with external shocks, as seen in recent crises. Austria occupies a special position in this constellation.

To develop de-risking strategies, it is important to first identify dependencies and then define strategies to mitigate these risks, such as closer cooperation with like-minded partners. The European Commission states in its Joint Communication to the European Parliament and the Council on "Strengthening EU economic security" of December 3, 2025, that "improving information gathering, monitoring and analysis" is one action to support European economic security to be able to anticipate and respond to threats linked to external trade relations security (European Commission, 2025).

Against this background, the aim of this section of the policy brief is to introduce a tool, the so-called WIFO dependency index (WIFO-DI) that was developed within the framework of a KIRAS project⁸, which can be used as an early warning toolbox to identify trade dependencies in Austria's trade network. Before that, the following paragraph provides an overview of the most frequently used descriptive indicators to examine trade dependencies.

2.2 Selected descriptive dependencies indicators

The assessments of trade dependencies and vulnerabilities have been newly discussed since the pandemic and gained further momentum after the Russian invasion of Ukraine. Wende et al. (2025) give a good literature overview about quantitative descriptive methods to identify trade dependencies. Often the suggested indicators are based on the criteria for classification of product dependencies proposed by the European Commission (2021c), which in turn cites Bonneau and Nakaa (2020) and Jaravel and Méjean (2021) among others. The idea behind this bottom-up approach of the European Commission (2021c) is to identify products with high extra-EU dependency, based on the following three indicators:

⁶ See also Janger (2024) for a discussion on policies to foster technological sovereignty and to insure against risks from international trade specifically in critical general purpose technologies.

⁷ The Draghi report on European competitiveness (Draghi, 2024) explicitly called for a more assertive approach to industrial policy, arguing that the European Union had ceded technological leadership to the United States and China through excessive reliance

on market mechanisms and insufficient coordination of European capabilities.

⁸ KIRAS Project Phoenigs: Preventive Options for a Reorientation of Austria's Economic Security Strategy, AIT and WIFO in cooperation with BMWET and BMLV. FFG project number: 54594674; funded under the KIRAS security research programme of the Federal Ministry of Finance and administered by the FFG (see also Latzenhofer et al., 2026).

- Concentration of extra-EU imports
 - Identifying products for which extra-EU imports are highly concentrated in a few countries by measuring the concentration according to a Herfindahl-Hirschmann Index (HHI).⁹
 - Suggested threshold: HHI > 0.4
- Importance of extra-EU demand in total demand
 - Identifying products for which the EU mainly relies on foreign sources.
 - Suggested threshold: ratio extra-EU imports/total EU imports > 0.5
- Substitutability of extra-EU imports with EU production
 - Identifying products where EU production - for which total EU exports are used as an approximation - may not be able to substitute extra-EU imports in case of trade disruptions.
 - Suggested threshold: ratio extra-EU imports/total EU exports > 1

Products are therefore declared as highly dependent if their import diversification and potential substitutability by EU production is low (European Commission, 2021c). In one of its latest documents the European Commission mentions as a further criterion of a high-risk dependency, that "60% or more of EU supply is controlled by a single third country or operator" (European Commission, 2025). OECD (2025) defines trade dependencies by the following three characteristics: high risk of disruption, high importance and constrained possibility of diversification or substitution.

The above-mentioned indicators can be calculated on the disaggregated product level using trade data at the detailed UN Harmonised System (HS) 6-digit level. These granular data allow for more realistic assessment as aggregate data may hide vulnerabilities (Arriola et al., 2024). However, a drawback of the above-mentioned descriptive trade dependency indicators is that they measure only direct trade flows and do not take into account indirect ties and potential differences in country risks.

2.3 The WIFO dependencies indicator set

The WIFO dependencies indicator set expands the mainly used descriptive indicators of direct trade

dependencies in the literature by the WIFO dependency index (WIFO-DI)¹⁰ at the product level. Based on network methods the WIFO-DI includes indirect trade dependencies and considers specific country risk assessments. Specifically, this tool has been developed as an early warning toolbox to identify trade dependencies in (Austria's) trade network at the product level (HS classification 6-digit) with the focus to assess these trade links in terms of excessive concentration profiles. The tool provides two additional advantages compared to well-known descriptive analysis. Firstly, it includes not only direct trade dependencies - like the descriptive indicators presented before - but also indirect trade dependencies by using hub and authority scores from network analysis. Secondly, as it is difficult to distinguish between highly dependent trade links that pose potential risks and those that offer economic benefits this tool complements the analysis for a certain critical and/or strategic product with a country-specific risk indicator that assesses Austria's trading partners based on their actual risk profile. The result of this assessment is supplemented by a visualisation which provides a differentiated view of trade networks and global interdependencies using a colour-coded scheme of country risks (high - medium - low). This provides a clear overview of potential vulnerabilities in Austria's trade relations for a certain product by highlighting how country risks can influence economic vulnerabilities.

Figure 2 shows the "country risk alert" visualisation for Austria's direct trade links in the foreign trade network for lithium carbonate as an example¹¹, as well as some of the indirect trade links via Austria's import partner countries and their respective trading partners. Like in Latzenhofer et al. (2026) the inner circle of Figure 2 shows Austria's five most important import partner countries, the outer circle shows the 25 most important export countries for this product, measured by total export value (assuming that these values are a proxy of their importance in the Austrian trade network). The colour of the trade flows between two country nodes reflects three categories of country risk weights for the exporting countries (high - medium - low).

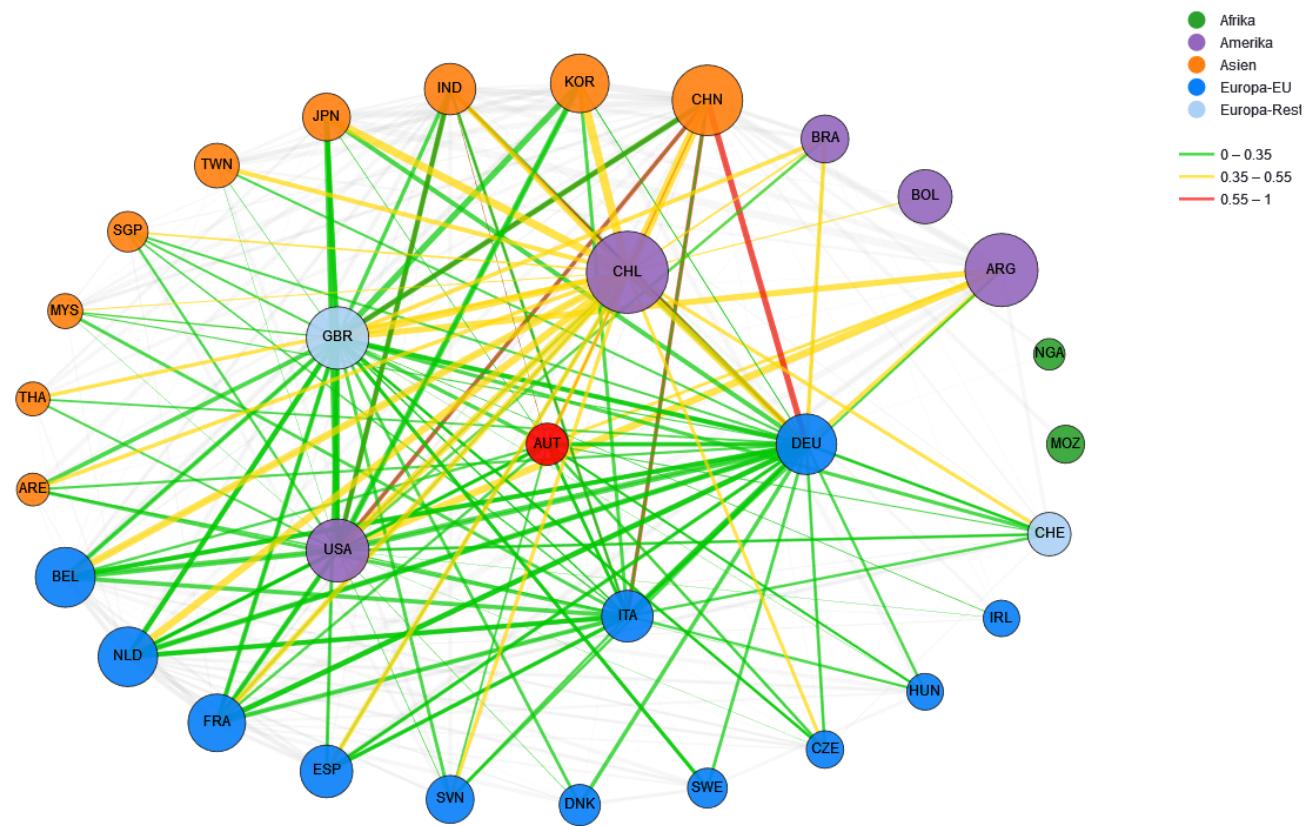
⁹ The Herfindahl Index takes a value of 1 if trade is fully concentrated on one foreign country, in this case if extra-EU imports would be concentrated on just one extra-EU country.

¹⁰ The prototype of this WIFO dependency index was developed by the WIFO core team Michael Böheim (WIFO-coordination), Susanne Bärenthaler-Sieber, Elisabeth Christen and Asjad Naqvi within the framework of the KIRAS Project Phoenigs: Preventive Options for

Action for a Reorientation of Austria's Economic Security Strategy (see for a summary of the study Latzenhofer et al., 2026).

¹¹ This tool was developed within the KIRAS project for only 10 selected products. Further research is recommended to extend the WIFO dependencies indicator set to the whole range of products. This comprehensive version could serve as a quantitative seismograph for geoeconomic shifts in global trade.

Figure 2: "Country risk alert": visualisation of Austria's main direct and indirect trade links of lithium carbonate (HS 2836.91)



Source: Latzenhofer et al. (2026).

All foreign trade flows shown in green are exported by countries with a country risk score below 0.35. Most flows shown in yellow are exports from Chile (country risk score: 0.39) or Argentina (country risk score: 0.54). China's export flows are shown in red due to its high country risk score above 0.55 (China's country risk score: 0.56).

The visualisation illustrates the two advantages of the WIFO dependency index. On the one hand, the different assessments of country risks - represented by a three-colour scale in Figure 2 - are included as country weights in the calculation of the weighted WIFO-DI. On the other hand, the use of network methods takes into account the potentially different importance of import partners as central nodes in the trade network (such as Austria's direct and indirect trade links with Chile in the lithium carbonate example).

Purely descriptive indicators would underestimate Austria's dependence on Chile as an import partner for lithium carbonate by ignoring indirect trade links.

The WIFO-DI was deliberately designed as an open system that can be adapted in terms of all essential parameters like the perspective of a specific country (in this case Austria), for a specific HS-6-digit¹² product (here lithium carbonate), with the (optional) inclusion

of specific country risks of trading partners (Latzenhofer et al., 2026). The index is bundled in a single ratio per trading partner and makes it possible to measure direct and indirect dependencies within the global trade network.

3. Strategic policy options for the EU and Austria

3.1 Pushing a coherent trade and security strategy into action

The European Union faces increasing economic security risks. Geopolitical tensions, strategic trade vulnerabilities, technological distortions of competition and economic coercion threaten the EU's stability, competitiveness and political autonomy. Economic openness remains a core EU interest, but it must be complemented by targeted protection and resilience mechanisms. The EU follows a de-risking approach: the objective is not economic decoupling, but controlled openness combined with strategic safeguarding of key economic interests.

¹² The HS-6-digit classification is already highly disaggregated, but some specific products may require analysis at an even higher level of disaggregation (European Commission, 2021c).

Table 1: Key strategic action areas at the European level

	Measures	Impact
Resilience towards trade dependencies and vulnerabilities	EU-wide trade risk assessments at the product-country level, diversification strategies, strategic reserves, expansion of European production capacities.	Reduced vulnerability to global disruptions.
Protection of strategic economic interests	Harmonised investment screening, export controls, protection against forced technology transfers, trade defence instruments.	Safeguarding economic and technological sovereignty.
Technological leadership	Support for key strategic technologies, industrial alliances, protection of sensitive research, European standard-setting.	Long-term competitiveness.
Strategic economic diplomacy	Coordinated EU positions, deepening bi- and multilateral partnerships and coalitions, recalibration of the WTO framework	Strengthened geopolitical capacity to act.
Governance and coordination	Institutionalised EU governance for economic security, EU economic security advisory committee*, engagement with industry and research, integration of economic security into a multi-dimensional policy approach (e.g. trade, industry, technology, competition, environment, energy policy).	Higher strategic coherence.

Source: Own elaboration. – * Note for economic security advisory committee: In addition to the Joint Communication to the European Parliament and the Council on "Strengthening EU economic security" of December 3, 2025, an EU-wide coordinated steering committee is to be implemented to promote initiatives to strengthen European security in the Member States.

Economic security is therefore a central pillar of European sovereignty, competitiveness and geopolitical relevance. Over the last few years, the EU has developed the necessary instruments. What matters now is their strategic and coordinated implementation along the following key strategic action areas.

The political priorities for implementation on the European level along the timeline can be summarised as shown in Figure 3.

Figure 3: Implementation timeline on the European level

Short-term	Medium-term	Long-term
Systematic mapping of trade vulnerabilities and critical dependencies	Expansion of European production capacities in key sectors	Achieving technological autonomy in key technologies
Application of the Anti-Coercion Instrument (ACI)	Further development of (trade) defence measures	Institutionalised EU governance for economic security
Strengthening and harmonisation of EU investment screening	Deepening strategic partnerships and coalitions with like-minded countries	EU advisory committee for economic security
Establishment of an EU economic security coordination mechanism	Expansion of European industrial alliances	EU leadership in global standard-setting
Protection of sensitive research	Multi-dimensional policy integration of economic security	Sustainable reduction of strategic trade dependencies
Improved EU-level risk and intelligence analysis		

Source: Own elaboration.

3.2 Positioning as trusted broker within CEE

EU's economic security is increasingly challenged by geopolitical tensions, technological competition, strategic dependencies, and economic coercion. Austria, as an open and export-oriented economy, is particularly affected. Economic security is not a peripheral issue, but a central concern for Austrian industrial, economic, foreign, and security policy.

Table 2: Key strategic action areas at the Austrian level

Resilience and trade relations	Further developing the WIFO-DI as seismograph for geopolitical shifts in world trade. ¹ Re-positioning Austria as hub for CEE countries within the EU and prospective new EU member countries. Maintaining strategic reserves of critical goods. Supporting EU initiatives to diversify economic risks, e.g., EU-Mercosur trade agreement.
Investment protection	Developing an investment screening aligned with EU standards. Coordinating between economic and security authorities.
Strategic industrial policy	Focusing on key industries according to National Industry Strategy. ² Utilising IPCEI and EU funding instruments. Building national competence clusters.
Research, technology and standards	Focusing on security-relevant future technologies (AI, quantum, cybersecurity, green tech). Protecting intellectual property from sensitive research collaborations and data infra-structure. Fostering an active role in EU standard-setting.
Economic diplomacy	Integrating economic security into foreign economic policy. Coordinating EU positions in strategic partnerships. Leveraging Austria's mediator role in CEE.
Governance in Austria	Further elaborating a comprehensive national coordination mechanism for economic security Conducting regular strategic trade risk assessments along the lines of WIFO-DI. Involving industry, social partners, and academia.

Source: Own elaboration. ¹ Latzenhofer et al. (2026) recommend further for a sustainable economic security strategy to implement a dependency radar as an early warning instrument to develop targeted measures to strengthen the resilience of Austrian foreign trade. ² <https://www.bmwfj.gv.at/Themen/industriestrategie.html>.

Strong dependencies on international trade relations, sensitive key industries (machinery, mobility, energy) and geopolitical risks from systemic competitors arise as key strategic factors.

"Economic openness with strategic safeguards" within the European framework emerges as a sensible strategic guiding principle for Austria. The national scope of action is primarily realised through active engagement in shaping a proactive European Economic Security Policy along the following strategic action areas.

The political priorities for implementation on the national level along the timeline can be summarised in Figure 4.

Figure 4 Implementation timeline on the Austrian level

Short-term	Medium-term	Long-term
Strengthening national risk analyses	Building clusters in key industrial sectors	Ensuring technological security
Implementing coordination mechanism	Deepening EU partnerships, especially within CEE	Institutionalising governance
Strengthening investment protection	Participating in IPCEI and EU fundings	Actively participating in EU standard-setting

Source: Own elaboration.

Austria's Economic Security is decided at the European level but should be shaped nationally. Active, coordinated, and strategic in the EU Economic Security Strategy is essential for long-term competitiveness and security policy stability.

Austria has a long tradition of building bridges to Central and Eastern Europe. Both sides have benefited from the EU's eastward expansion in the early 2000s. In the meantime, the CEEC have become the driving force behind economic development within the EU, making it an obvious choice for Austria to focus more strongly on strategic partnerships with EU countries and prospective new member countries in this region in order to commonly address strategic dependencies.

4. Conclusions

The European Union possesses the world's largest single market, representing 450 million consumers and accounting for approximately 18% of global nominal GDP. It also represents the world's biggest trading block and the top trading partner for 66 countries, thereby providing for roughly 16% of global trade.¹³ This market power constitutes a substantial asset that can be deployed to foster economic resilience, to attract investment, and to influence the behaviour of trading partners. European technological and industrial capabilities, while lagging behind the United States in important domains and facing increasing Chinese competition, remain significant and in some areas still world leading. The European Union's commitment to rules-based governance, environmental protection, labour rights, and democratic accountability represents not a weakness but a strength that should be leveraged to build partnerships with like-minded countries and to establish standards that lock in these values. The European Economic Security approach should move beyond a narrowly defensive focus on protecting against threats to encompass a more proactive strategy of building European capacity, leveraging European strengths, and constructing coalitions with aligned partners.

For Austria specifically, the challenge is to contribute to EU-level Economic Security efforts while preserving the conditions that have enabled Austrian prosperity:

integration into global value chains, technological and industrial competitiveness, and openness to international investment and trade. This requires careful calibration. Austria must participate fully in EU-level coordination of Economic Security measures to ensure that collective action is taken where necessary while preventing individual EU members from fragmenting the Single Market through divergent economic defence approaches. Austria must simultaneously invest in developing capacity for Economic Security Policy - including FDI screening, trade vulnerability analysis and technology security assessment - and to contribute effectively to EU-level decision-making.

Building on its traditionally well-established role as a stable hub and reliable partner, Austria should position itself in the European Union as a bridge (builder) between Eastern and Western Europe and a trusted broker and coordinator for CEE interests.

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¹³ European Council - Trade.

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