**Trade and security in contemporary Europe**

**Introduction**

The world has changed around us. It is both more complicated and more dangerous, not just with the immediate challenges of Ukraine and the Middle East, but wider instability across sub-Saharan Africa, developments in US/China relations and the emergence of a range of “middle powers” looking to carve out greater influence. These ongoing geopolitical shifts have substantially altered the conditions for both national security and trade. The consequences for both companies and public institutions are profound. However, despite the significance of the interdependence of trade and security, legal research within this area is severely limited.

It is proposed that the existing gap should be addressed by engaging in legal research concerning three issues that are essential to European trade and national security as well as of fundamental practical value to business:

1. The EU’s European Economic Security Strategy – widespread legislative initiatives and extensive policy ambitions with far-reaching practical consequences
2. Rebuilding relations between the UK and the EU – a Security Cooperation Pact to build on with benefits for trade and investment
3. National security measures in a multilateral framework – constraints and opportunities as a member of the EU and the WTO

The intended research will form part of Lund University School of Economics and Management and the Centre for European Studies (Sw. *Centrum för europaforskning*) at Lund University. The research will be privately funded and developed in close cooperation with contributing partners and other stakeholders.

**Trade and security in contemporary Europe – urgent need of research**

The conditions for international trade and investment are facing considerable changes. Serious geopolitical developments, including rising tensions between the West and China, Russia’s invasion of Ukraine, the alarming deterioration of the situation in the Middle East, a global pandemic and an increasingly aggressive international stance by the world’s authoritarian powers, contribute to rapid international polarisation and a much more hostile environment.

As a consequence of these fundamental geopolitical shifts, trade and security have become intertwined to a degree that was unthinkable to many only a few years ago. Security concerns force trade to adapt to new circumstances. Far-reaching measures, legislative and government interventions directed at certain companies or specific areas, are adopted to address risks and vulnerabilities. Restrictions on trade with certain countries, investment screening, frequent use of sanctions and policies designed to promote local growth, and supply chain resiliency are some of the issues generated in this context. However, security concerns may also produce closer cooperation and encourage new or improved trading arrangements. For example, the recent NATO enlargement – which carries enormous consequences for Sweden and Finland as new members as well as for the organisation at large – could also help to develop trade alliances between countries and provide for better cross-border opportunities for business.

The rapidly increasing significance of the intersection between trade and security is of key concern to both companies and public bodies. Despite its significance, legal research on trade and security as a joint area is severely underdeveloped and inadequate. As a result, neither the business community nor public institutions are adequately served with the knowledge and expertise required to effectively deal with complex questions within this area.

The intention is to address this gap by engaging in legal research focused on three separate, but also interconnected issues that are of both key overarching importance to European trade and national security as well as of acute practical importance to business.

1. **The EU’s European Economic Security Strategy – widespread legislative initiatives and extensive policy ambitions with far-reaching practical consequences**

In view of increasing geopolitical tensions, the EU has adopted a European Economic Security Strategy with an aim to manage risks to economic security at EU, national and business level. The strategy is focused on addressing risks related to: (1) resilience of supply chains; (2) physical and cyber security of critical infrastructure; (3) technology security and technology leakage; and (4) weaponisation of economic dependencies or economic coercion.

Based on this broad approach, the European Economic Security Strategy contain a wide range of far-reaching measures, including new trade defence instruments, harmonisation of Foreign Direct Investment (FDI) screening, control of outbound investments, a Toolkit on Tackling Foreign Research & Innovation Interference, an EU Standardisation Strategy, a Cyber Resilience Act and Cyber Solidarity Act, a tightening of export control of dual-use items, a Critical Raw Materials Act and a European Chips Act as well as a strategy for closer partnerships with “like-minded countries”.

It is clear that the European Economic Security Strategy carries with it a broad and complex regulatory framework which will result in profound consequences for companies. There is an urgent need to engage with and analyse the legal effects of the expected framework. While it is recognised that rising geopolitical tensions generate substantial economic risks, it is necessary to ensure that rules adopted are fit for purpose, proportionate and in accordance with constitutional and fundamental rights as well as with WTO law and other international legal obligations.

1. **Rebuilding relations between the UK and the EU – a Security Cooperation Pact to build on with benefits for trade and investment**

The world has changed since Brexit. Security and defence challenges have become more urgent and more diverse, Europe is arguably in a more perilous security situation than at any time since the end of World War II. Increasing uncertainty about the US commitment to European defence adds further concern.

These challenges, both of hard defence and wider security, affect both the UK and the EU. There is a shared interest in tackling them and the response would be improved significantly by closer cooperation in a number of areas. It is becoming increasingly clear in the EU and the UK that a new security pact between the parties would be in the interest of both. Such cooperation may include different areas, including capability development (military mobility, defence industry), law enforcement and judicial cooperation, intelligence and economic security.

Building on improved relations between the UK and the EU in matters related to defence and security, there are opportunities to also consider how to move towards a closer and more structured relationship in the future in areas such as trade, investment and innovation. A review of the existing Trade and Cooperation Agreement (TCA) will start in 2026, it will allow for several improvements to this arrangement which could be of practical significance to business. Beyond the TCA, in view of greater defence and security cooperation needs, a larger overhaul of the EU-UK trading relationship should also be considered.

There is arguably a sense of urgency of improving relations with the UK, not least in the perspective of likeminded countries such as Sweden. The UK is needed to address collective defence and security challenges and a closer relationship could generate substantial practical benefits to trade, investment and innovation.

1. **National security measures in a multilateral framework – constraints and opportunities as a member of the EU and the WTO**

Protection of national security and public order is generally within the sole responsibility of individual countries in accordance with their respective legal orders. However, when measures adopted by countries in the interest of national security or public order also fall within the jurisdiction of EU or international law, this discretion is not straightforward. For example, the free movement of goods, services, capital and people, imbedded in the EU’s constitution, provide hard limits to national measures adopted by individual EU Member States. A measure in breach of such limits cannot be applied. Further constraints under international law, such as limits to the security exception in WTO law, may provide further restrictions.

Like other countries, Sweden regularly adopts measures in the interest of national security and public order that are subject to EU and international law. The extensive Swedish rules on screening of foreign direct investments is a prominent example of such a measure. Other examples include the decision to exclude Huawei from participating in the 5G rollout and adopted border control measures which may require that individuals show valid identification when they cross the border to Sweden.

The measures adopted, as exemplified above, often have substantial practical consequences for individual companies as well as for the general conditions for trade, investment and innovation. To ensure that measures adopted in the interest of national security have a valid objective, are proportionate and otherwise fit for purpose, it is necessary to review them in accordance with EU and international law requirements. This exercise currently remains seriously underdeveloped to the detriment of business and private individuals as well as the economy at large.

**Tailored practical relevance in close cooperation with partners**

A primary focus of the suggested research is that it should be of key practical relevance. The ambition is to effectively bridge the gap between theory and practice and ensure that the result of the academic work is made useful to engaged partners and other stakeholders.

Partners will be invited to discuss and comment on the research at various stages to ensure that a practical perspective is maintained and to generate a productive dialogue. This cooperation will also serve as an opportunity for a partner to put forward specific questions and to address key concerns related to its own activities.

Moreover, the results of the research will be presented to a partner in advance of a publication or prior to a seminar on the topic. This will allow further opportunity to comment and to address relevant issues.

In addition, the results of the research will also be made practically accessible to partners by reports and opinions based on the research.

**Research management and funding**

The research initiative “Trade and security in contemporary Europe” forms part of Lund University School of Economics and Management and the Centre for European Studies (Sw. *Centrum för europaforskning*) at Lund University.

The research will be lead and conducted primarily by Erik Lagerlöf. Erik has been involved with EU and international law as an academic, practitioner and an EU civil servant for almost 20 years. With an academic background from Cambridge University, the EUI, Harvard Law School and the Stockholm School of Economics, he has now been affiliated to Lund University for almost two years. Erik has previously served as legal secretary to both the Swedish and British judge at the Court of Justice of the European Union (CJEU). Moreover, for the past decade, he has also been working in private practice alongside his academic commitments. As an advocate, he has advised and acted on behalf of major international companies before national courts and authorities, the European Commission, the CJEU and international arbitration tribunals.

The planned research is of long-term relevance and its importance is likely to increase substantially in view of rising security concerns and other geopolitical developments. A minimum of three years is required to sufficiently engage with the relevant issues as set out above and to make a significant contribution to both academia and the business community.

The research will be funded by private contributors. Contributors will be made partners to research projects and given opportunities to engage in the research as set out above. Financial contributions will be agreed to with the specific contributors on a case-by-case basis.