



## The EU needs a new approach to reconciling economic security with growth

Europe's economic model is under increasing strain as productivity growth stalls and geopolitical competition intensifies. A new CER policy brief, '[Resilient growth: Aligning productivity and security](#)', by Zach Meyers and Aslak Berg, argues that the EU must adopt a disciplined and targeted approach to economic security, so as not to compromise the bloc's competitiveness goals.

The brief warns that the proposed €400 billion European Competitiveness Fund (ECF) – a centrepiece of the European Commission's 2028–2034 budget proposal – risks being both too broad and too narrow. It is too broad because, while intended to boost innovation and reduce the bloc's dependencies, the ECF currently lacks a framework to prioritise risks and could channel large sums into poorly targeted interventions. It is too narrow because the proposal overlooks tools such as trade diversification, regulatory reform and improvements to Europe's business environment, which could address many vulnerabilities more effectively than subsidies alone.

The authors set out a structured approach for assessing which dependencies are most harmful, based on the concentration of suppliers, the availability of alternatives, and the geopolitical trustworthiness of trading partners. They argue the EU should first consider open-economy solutions – such as deepening the single market, improving regulatory coherence and strengthening trade relationships with trusted partners – before turning to more interventionist industrial policy.

The policy brief includes case studies on rare earths and cloud computing, showing how different sectors require tailored solutions rather than a one-size-fits-all subsidy model. It also highlights governance and transparency weaknesses in the current ECF proposal and calls for clearer criteria, stronger expert oversight and safeguards against mission creep.

Aslak Berg, one of the authors, said: *"Europe cannot afford to treat every dependency as a strategic vulnerability. A disciplined framework is needed to focus resources where the risks are real and to prioritise policy interventions which will boost growth, not undermine it."*

Zach Meyers added: *"The EU has opportunities to diversify trade and improve its business environment – which will strengthen the bloc's competitiveness while also mitigating supply chain risks. Additional interventions to boost economic security will be needed. But Europe must design these to be as compatible as possible with the economic growth."*

This policy brief was written thanks to generous support from Swedish Enterprises. The views are those of the authors alone.

**Notes for editors:**

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