

## European Commission proposes five substantial initiatives to enhance EU economic security

Once implemented, those initiatives will require significantly more effort from the parties involved in trade and foreign investments to ensure regulatory compliance

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**The pursued security aims will lead to enhanced monitoring, assessments and controls being put in place, which will have to be factored into a reframed regulatory compliance approach by affected parties.**

In late January 2024, the European Commission (EC) proposed new initiatives to strengthen EU economic security. These initiatives illustrate a strong legislative trend over the past few years to establish a comprehensive EU approach to European economic security, which shall confront new emerging economic security risks resulting from increasing geopolitical tension, geo-economic fragmentation and profound technological shifts.

Prioritised economic security risks include, namely, (i) risks to the resilience of supply chains, (ii) risks to the physical and cyber-security of critical infrastructure, (iii) risks related to technology security and of technology leaks as well as (iv) risks related to the weaponising of economic dependencies or economic coercion and similar risks (such as from foreign subsidies).

Depending on the business sector (e.g. critical infrastructure, educational institutions), the role of a market player (e.g. [institutional] investor) or the economic action in question (e.g. exporting or even taking part in public procurement), this regulatory framework will likely cause an impact that leads to reframing one's regulatory compliance approach, in order to manage the additional regulatory obligations and risk areas that arise. This in turn may necessitate further documentation, notification and approval requirements.

This Client Alert on EU economic security provides for a heads up concerning the following key insights (followed by more focused insights on each of the new initiatives in the following weeks):

**The EC intends to pursue and implement substantial initiatives in the following five areas:**

- **Initiative 1:** Further strengthening of foreign investment screening leading to EU-wide FDI screenings and – *inter alia* – harmonising core elements of national screening mechanisms with certain minimum standards.
- **Initiative 2:** Currently, the EC explores implementing a legal procedure regarding outbound investment risks.
- **Initiative 3:** The EC seeks more effective EU control in the field of sanctions law and of dual-use goods exports.
- **Initiative 4:** The EC undertakes to review and assess the existing research and development support in technologies with dual-use potential.

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- **Initiative 5:** The EC plans to take action to provide guidance and enhance resilience across Europe with the aim of bolstering research security across the EU.

Our **Regulatory Team** has broad experience in supporting clients from various business sectors in their efforts to navigate the regulatory framework under Austrian and European Union laws. Our specialized **economic & national security expert group** consists of Kurt Retter, Dominik Engel and Georg Knafel from the Vienna Office.

## About Wolf Theiss

Wolf Theiss is one of the leading European law firms in Central, Eastern and South-Eastern Europe with a focus on international business law. With more than 400 lawyers in 13 countries, over 80% of the firm's work involves cross-border representation of international clients. Combining expertise in law and business, Wolf Theiss develops innovative solutions that integrate legal, financial and business know-how.

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