

Trade Wars: How Economic Competition Shapes International Security

Economic measures are increasingly used as instruments of power. Sanctions, tariffs, and technology restrictions shape the competition between major powers, from U.S.-China rivalry to EU responses against Russia's war of aggression in Ukraine. This group will explore the effectiveness of these instruments, the risks of escalation, and how economic security is becoming central to global power shifts.

Summary of the Discussion in the Working Group

On the first day, the key issue discussed was weaponised interdependence and its use in trade wars along with other tools such as export control and tariffs. Following that, the group discussed EU's heavy reliance on countries, especially China for rare earth materials. This forces the EU to accommodate, China's political ideology, sometimes at the expense of human rights. After long discussions, our group and the experts reached a consensus. The most viable path forward is for the EU to pursue trade diversification. This would involve engaging with a broader range of suppliers, fostering trade relationships with additional countries, reducing dependence on any single dominant power, and accelerating the development of alternative technologies. This approach would mitigate vulnerabilities while defending EU's core values and enhancing EU's strategic autonomy.

Key Questions Emerging from the Discussion

- Did sanctions and trade restrictions against Russia affect the government or the citizens more, and will the EU ever impose a full embargo on Russia?
- Does the EU need to be inspired by China's economic growth strategy to achieve similar levels of domestic production? If so, would this require the EU to compromise its own values in pursuit of strategic autonomy? How should the EU balance security and democracy?

Summary of the Discussion at the Closing Panel

During the closing event, participants discussed the impact of sanctions on Russia and the EU's economic strategy. One speaker noted that sanctions have affected both the Russian government and its citizens but have not led to a full embargo. She argued that if the EU did not impose an embargo in 2022, it is unlikely to do so now, adding that "there are still narrow products from Russia sold in the EU, and Europe remains dependent on Russia in areas such as energy." The discussion also addressed whether the EU should draw inspiration from China's economic growth strategy. Panelists emphasised that while strengthening production and strategic autonomy is important, the EU should not sacrifice its democratic values, stressing the need to balance security, economic resilience, and democracy.