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**A trade paradigm for the age of  
geoeconomic competition:  
Not economic, but human security**



## Key arguments

- #1** Globalisation is out, geoeconomics is in. International trade policymaking is no longer about the opening of markets and free trade, but about foreign policy and economic security. Sustainability and human well-being, however, are still underrepresented on the trade agenda.
- #2** As security concerns trump economic considerations with continued frequency, the nation state has returned as an actor of trade policy. A functioning global economic order can only be rebuilt if nation states become active designers of this new order.
- #3** Human security repurposes international trade. It prioritises human well-being in international trade policymaking and complements it with sustainability and national security issues.
- #4** To design a sustainable, equitable and resilient global economic order, nation states should...
  - ...not give up on multilateralism.
  - ...harmonise economic security strategies among partners.
  - ...hold producers of environmental externalities responsible.
  - ...finance the implementation of circular economy initiatives.
  - ...grant full worker and civil society participation in trade policy institutions.
  - ...control corporate social impact along entire global value chains.

# A trade paradigm for the age of geoeconomic competition: Not economic, but human security

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International and global trade governance have seen fundamental changes over the last few years. Today's polycrisis bluntly displays the flaws of prioritising open markets, counting out the neoliberal paradigm of free trade that has been cherished over more than three decades. Economic security has superseded free trade as a new trade mantra. But international trade should neither be an end in itself nor a means for national security considerations only. International trade should aim for human well-being to come first. Unfortunately, the global economic order performs poorly on this goal so far.

Introducing the concept of human security to international trade policymaking helps to repurpose international trade as a comprehensive instrument for human well-being that also accounts for sustainability and national security. Central to this approach is the role of the state as an active designer of global trade governance. In this position, states could employ international trade policy as a tool to fight some of the most pressing global challenges of our times: social inequalities, climate change and an escalating international rivalry.

In this issue of BKHS Perspectives, we propose human security as a new trade paradigm for an age of geoeconomic competition. We begin with an analysis of the downfall of globalisation and the rise of geoeconomics. We then show the pitfalls of the current economic security debate before we introduce the concept of human security and link it with international trade policymaking. To apply human security as a trade paradigm, we argue that nation states must become active designers of global trade governance. Hence, we finally propose concrete policy recommendations for them on how to take on this role.

## THE DOWNFALL OF GLOBALISATION

After the Cold War, globalisation started its triumph as national economies around the globe began to integrate and new institutions of global trade governance mushroomed. Since then, interdependencies between the world's national economies, but also between cultures and populations

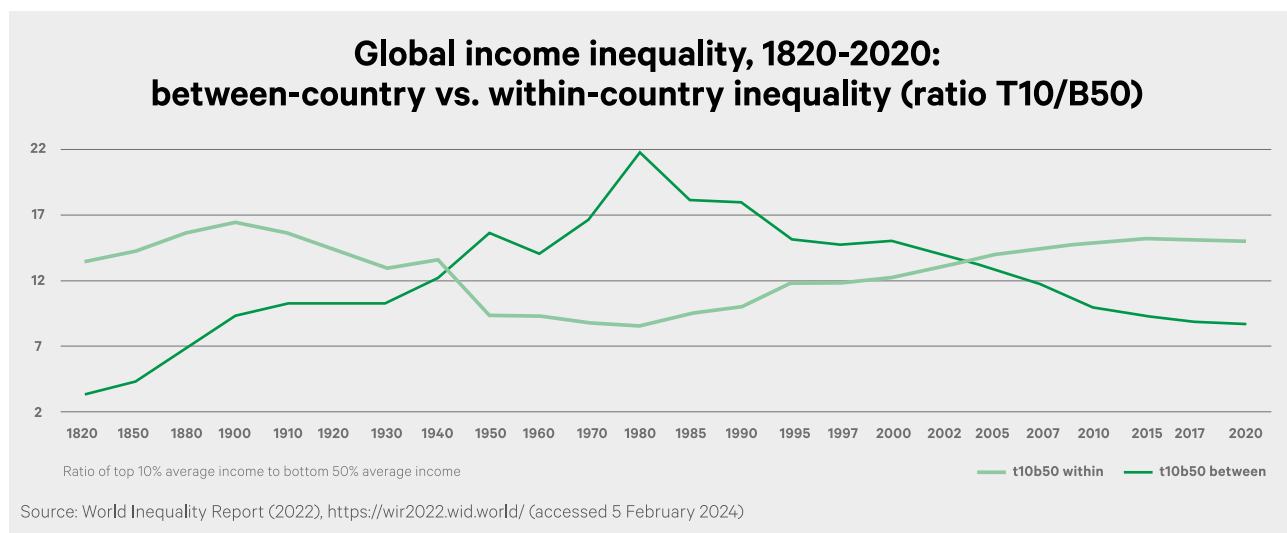
have increased to such an extent that not just goods and services, but also social and cultural influences have gradually converged around the world.

In the 1990s, states increasingly committed to international trade cooperation such as the multilateral World Trade Organisation (WTO). Over time, the number of WTO member states grew from 128 at the time of its founding in 1994 to 166 today. Members include all major powers, despite their oftentimes contrasting political views. Unfortunately, the WTO has never lived up to its ideal of a consensus-oriented multi-level structure with flat hierarchies. Each of its member states started with a different set of resources. Some states were rich in money and big business, others had plenty of natural resources at their disposal, while still others had an abundance of cheap labour. Consequently, WTO member states have diverged in their financial ability to engage in WTO consultations to advocate and advertise for those regulations most beneficial for themselves. Several emerging markets have been able to catch up, yet large parts of their societies have still been left out in the cold, disadvantaged by globalisation. As calls for institutional reforms of the WTO go unheard, these countries unsurprisingly have lost trust in the international rules-based system.

Defying original expectations of a win-win situation, globalisation has produced winners and losers. Even

though global inequalities *between* countries have declined since the end of the Cold War, inequality *within* most countries of the world has increased – and is now even larger than global inequalities between countries.<sup>1</sup> Consequently, the world remains particularly unequal – despite strong growth of national incomes in the Global South. The global economic order set up under the guidance of the countries of the Global North failed to ensure an equitable participation in the international market.

Though global trade institutions such as the WTO opened up their rule-making procedures to trade unions, NGOs and other societal actors, many actors feel unheard. While businesses enjoy easy, and most importantly, influential lobbying access, representatives of the public receive less attention and struggle for impact. As a result, issues that have direct consequences for individuals – such as environmental protection, labour and human rights regulations – occupy a much lower position on the international trade agenda. And even though a growing number of corporations self-commit to environmental and labour obligations along their global supply chains, they often only pay lip-service to extensive reforms. Even legal requirements repeatedly remain without consequences since they often set only minimum standards and include weak to no sanction mechanisms.



**The top 10 per cent (T10) to bottom 50 per cent (B50) average income gap is the ratio between the income shares of the top 10 per cent and the bottom 50 per cent. This indicator summarises in a single metric how societies distribute incomes at both ends of the social ladder. The higher the ratio, the higher the inequality.**

<sup>1</sup> World Inequality Report (2022), <https://wir2022.wid.world/> (accessed 5 February 2024).

## THE RISE OF GEOECONOMICS

This revival of geoeconomics – the use of economic means to achieve security-related goals – has been fuelled by these structural flaws of the international trade system and successive years of events that have rocked the global order. The economic repercussions of the 2007/08 financial crisis severely challenged the United States (US) and the European Union (EU). Then, in 2016, the *Brexit* and the election of Donald Trump shook both sides of the Atlantic. Some voters saw globalisation, along with technological change and deindustrialisation, as a cause of their economic stagnation or even social decline.<sup>2</sup> Distrust in democracy, economic nationalism and protectionism increasingly gained traction.

These trends only intensified as barriers to trade mounted due to the escalating rivalry between China and the US, the shortages of a plethora of products during the COVID-19 pandemic, the energy crisis following Russia's attack on Ukraine in February 2022, the interruption of global supply chains by droughts and other environmental disasters and, most recently, the re-routing of commercial ships as they are facing bombardment of Houthi rebels in the Red Sea. The international order finds itself in a polycrisis: "A problem becomes a crisis when it challenges our ability to cope and thus threatens our identity. In the polycrisis the shocks are disparate, but they interact so that the whole is even more overwhelming than the sum of the parts. At times one feels as if one is losing one's sense of reality."<sup>3</sup> Given the simultaneity of crises in geopolitics, public health, the environment and the economy, globalisation is no longer about the opportunities of free trade but exposes countries to excessive risks.

The international economic order seems to be on a path to fragmentation, frequently along nationalist and ideological lines. The liberal hope that economic interdependencies will make wars less likely has turned out wrong. Economic interdependencies have thus evolved as an issue of national security. They make a state vulnerable as access and supply

can be denied, interrupted and exploited. As the international economic order transitions from a mostly cooperative globalisation to geoeconomic competition, these vulnerabilities have become an important foreign policy tool: states weaponise economic interdependencies to press for strategic goals.<sup>4</sup>

Policymakers increasingly "contend that greater economic independence – rather than interdependence – would better serve the well-being of their constituencies."<sup>5</sup> It seems like reducing economic linkages has become a necessity to reduce political vulnerabilities. Accordingly, economic security has taken over as new trade policy rationale.

## A CRITICAL LOOK AT ECONOMIC SECURITY

As policymakers globally question the "laissez-faire" approach to globalisation they have propagated for the last decades, the economic paradigm of the Global North is shifting for the first time since the 1980s. With security issues trumping economic concerns, economic security appears to supersede free trade as new doctrine. In academia, economic security has evolved as a concept in the 1980s, but its policy strategies have only recently risen to prominence.<sup>6</sup> However, the concept of economic security as currently practiced has some underlying flaws.

Firstly, not even partners share a common understanding of what economic security is.

Both the US and the EU are working on economic security strategies at a national level but also with their G7 partners. Even though their economic security debate has become extensive within a short amount of time, it misses a common denominator on the definition of what economic security actually is. A sketchy discussion of recent economic security developments in the EU and the US as selected G7 partners showcases the problem.

2 Rodrik, Dani (2021): Why does globalization fuel populism? Economics, culture, and the rise of right-wing populism. *Annual Review of Economics*, 13, 133-170.

3 Tooze, Adam (2022): Welcome to the world of polycrisis. *The Financial Times*, 28 October 2022, <https://www.ft.com/content/498398e7-11b1-494b-9cd3-6d669dc3de33> (accessed 5 February 2024).

4 Farrell, Henry & Newman, Abraham (2019): Weaponised interdependence: how global economic networks shape state coercion. *International Security*, 44(1), 42-79.

5 WTO (2023): World Trade Report 2023: Re-globalization for a secure, inclusive and sustainable future, [https://www.wto.org/english/res\\_e/publications\\_e/wtr23\\_e.htm](https://www.wto.org/english/res_e/publications_e/wtr23_e.htm) (accessed 5 February 2024).

6 Daase, Christopher (2010): National, Societal, and Human Security: On the Transformation of Political Language, *Historical Social Research* 35(4), 22-37.

Already in 2022, Japan enacted a far-reaching Economic Security Promotion Act.<sup>7</sup> Sharing a close but difficult relationship with China, Japan was the first country of the G7 to implement legislation on economic security.<sup>8</sup> During Japan's presidency, the G7 partners agreed upon the goal of economic security at its 2023 Hiroshima Summit.<sup>9</sup> They acknowledged that global economic dynamics are now centred on security issues but rejected protectionist measures as they prioritised de-risking over decoupling. The G7 agreed to deter economic coercion and reduce existing vulnerabilities, focusing particularly on economic interdependencies in critical supply chains and their weaponisation from China. But the G7 partners fell short to agree on a common practice of de-risking, concrete measures to counter malign economic activities and criteria regarding when to prioritise security over the economy.

Though the G7 showed a new level of convergence on economic security and their position towards China, their individual national approaches have been different so far: their policy decisions are largely influenced by the extent of their varying dependencies on China. Japan and the EU are the only G7 "members"<sup>10</sup> with an explicit economic security strategy. The US, Germany and the United Kingdom have not explicitly spelled out strategies, but their national security strategies and other government documents include economic security agendas. France, Italy, and Canada have pursued a much more restrained approach to economic security.<sup>11</sup>

In January 2024, the EU updated and extended its EU Economic Security Strategy, firstly introduced in June 2023.<sup>12</sup> Even though EU policymakers recognise that the previous neoliberal consensus of an unregulated free trade era is over, the new strategy lacks a new economic

policy ideal for the EU. The EU Commission's approach to economic security presents the three pillars of *promoting, protecting, partnering* – but they all include only a narrow view of *security*, missing the dimensions of sustainability and equity. It aims to *promote* efforts to build more secure and resilient supply chains; to *protect* export controls, investment screening and research security; and to *partner* with like-minded via trade agreements or cooperation formats such as the EU-US Trade and Technology Council (TTC).

Indeed, transatlantic conversations on economic security have begun within the framework of the TTC in January 2024, which is a positive development on harmonising economic security strategies.<sup>13</sup> The TTC, however, only provides a platform for consultation and offers no path for further institutionalisation of transatlantic economic security partnership.

The US does not have an official economic security strategy; however, a range of US Government initiatives include policies that build an increasingly vigorous economic security toolkit. After the Trump Administration mentioned economic security for the first time in its 2017 national security strategy stating that "economic security is national security," the Biden Administration has refined the US approach to economic security by de-risking its trade relations away from China through friend-shoring with key allies.

Notably, the US economic security toolkit includes domestic as well as international initiatives: The Biden Administration aims to "build capacity, to build resilience, to build inclusiveness, at home and with partners abroad."<sup>14</sup> The latter include the Indo-Pacific Economic Framework as well as very specific bi- and plurilateral agreements focusing on critical resources such as minerals, chips and semiconductors. The national

7 Osawa, Jun (2023). How Japan defines economic security. The Wilson Center, <https://www.wilsoncenter.org/publication/how-japan-defines-economic-security> (accessed 5 February 2024).

8 Table China (2023): Chinas Nachbarn: Es ist kompliziert. Table China, 26 May 2023, <https://table.media/china/standpunkt/chinas-nachbarn-es-ist-kompliziert/> (accessed 5 February 2024).

9 G7 (2023): G7 Leaders' Statement on Economic Resilience and Economic Security. G7 Hiroshima Summit, 20 May 2023, [https://www.g7hiroshima.go.jp/documents/pdf/session5\\_01\\_en.pdf?v20231006](https://www.g7hiroshima.go.jp/documents/pdf/session5_01_en.pdf?v20231006) (accessed 5 February 2024).

10 The EU is officially not a member of the G7, but occupies an official observer status.

11 Benson, Emily & Mouradian, Catharine (2023): How do the United States and its partners approach economic security? CSIS, 8 November 2023, <https://www.csis.org/analysis/how-do-united-states-and-its-partners-approach-economic-security> (accessed 5 February 2024).

12 European Commission (2023): An approach to enhance economic security. 20 June 2023, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_23\\_3358](https://ec.europa.eu/commission/presscorner/detail/en/IP_23_3358) (accessed 5 February 2024). European Commission (2024): New tools to reinforce the EU's economic security. 24 January 2024, [https://commission.europa.eu/news/new-tools-reinforce-eus-economic-security-2024-01-24\\_en](https://commission.europa.eu/news/new-tools-reinforce-eus-economic-security-2024-01-24_en) (accessed 5 February 2024).

13 CSIS (2024): The Transatlantic Economic Security Agenda. CSIS Video on Demand, 31 January 2024, <https://www.csis.org/events/transatlantic-economic-security-agenda> (accessed 5 February 2024).

14 Sullivan, Jake (2023): Remarks by National Security Advisor Jake Sullivan on renewing American economic leadership at the Brookings Institution. The White House, 27 April 2023, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution/> (accessed 5 February 2024).

branch of the US economic security toolkit includes export controls and domestic investment initiatives such as the CHIPS and Science Act or the Inflation Reduction Act (IRA) – an initiative that, according to the EU, weaponises economic interdependencies not only against opponents, but also against partners.

### Secondly, the current economic security debate securitises trade arbitrarily.

Economic security has become the new buzzword though the difference between purely economic issues and economic security can be blurry.<sup>15</sup> The securitisation of economics without a proper definition of economic security or the nexus between economics and security runs the risk to consider anything as security-related. Lacking a common understanding of security when facing a complex shift toward a geoeconomic competition, policymakers urgently need to learn when to separate economic from security issues and when to link them together: use and potential abuse of economic interdependencies are often hard to disentangle.

Foreign direct investments, for example, can either be a much-needed economic stimulus from abroad or the attempt of political interference from an authoritarian country: without a clear definition both could be evaluated as a security threat. The investments made by the state-owned Chinese shipping company COSCO in the Hamburg harbour in early 2023 are a perfect example since until today, experts cannot agree on their potential threat level.<sup>16</sup> As the geoeconomic competition intensifies and security concerns increasingly trump economic factors, trade policies run the risk of being securitised. But even in times of polycrisis, not every trade policy decision is about national security.

### Thirdly, economic security is no comprehensive rationale for international trade.

The current economic security debate is prioritising great power rivalry and resilience of global supply chains as driving factors of international trade policymaking. In its

focus on geoeconomics, however, the current economic security debate maintains the dichotomy between free trade and protectionism. But neither is sufficient for the substantial challenges of today: while protectionism and decoupling will reduce dependencies but also cut ties to resources, rare earths and many other conveniences of globalisation, free trade will open markets no matter its political, social and environmental implications. Thus, the current debate remains short-sighted as long as its primary concern is on the openness of markets missing the strategies' silence on sustainability and social inequalities. New economic strategies need not only to find the right level of resilience somewhere between free trade and protectionism, but also balance its level of resilience with the need to trade within planetary boundaries and its provision of equity.

Economic security should not only be discussed from a national security perspective. The escalating geoeconomic competition that increasingly weaponises economic interdependencies should certainly be high on the trade policy agenda of any trading country. Since the effects of social inequalities and climate change also threaten the global economic order, no trade agenda should miss sustainability or human well-being. Notably, the dimensions of resilience, sustainability and equity often go hand in hand. China, for instance, is not only an authoritarian country that weaponises economic interdependencies to press “the West” for political gains, it is also violating labour regulations and human rights of Uyghurs in its province Xinjiang. Thus, economic security alone cannot account for the interplay between the current challenges of economic resilience, social inequalities and sustainability. Economic security is not a comprehensive rationale for international trade in an age of geoeconomic competition. A more comprehensive trade paradigm is needed.

## HUMAN SECURITY AS TRADE PARADIGM

In the 1980s, the understanding of security started to broaden. Particularly, since the end of the Cold War and thus the temporary end of acute military threats

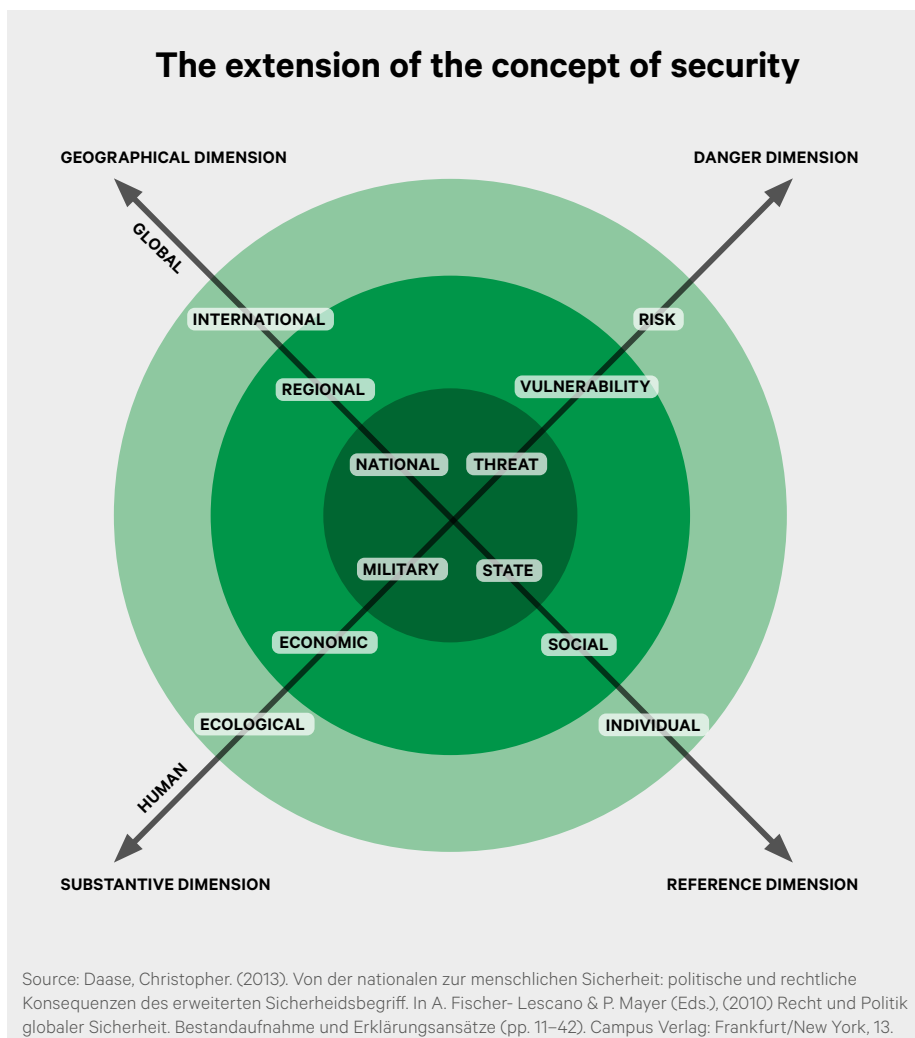
<sup>15</sup> Duchâtel, Mathieu & Godement, François (2023): Europe's Economic Security and China: Where to draw the line?. Expression – by Institut Montaigne, 4 September 2023, <https://www.institutmontaigne.org/en/expressions/europes-economic-security-and-china-where-draw-line> (last access: 5 February 2024).

<sup>16</sup> Sullivan, Arthur (2023): Germany inks deal with China's COSCO on Hamburg port. Deutsche Welle, 11 May 2023, <https://www.dw.com/en/germany-inks-deal-with-chinas-cosco-on-hamburg-port/a-65586131> (accessed 5 February 2024).

in the Global North, its concerns for human rights and for economic and social development have increased. To offer a practical tool for peace and development work, the UN introduced human security as a policy framework in 1994.<sup>17</sup> Combining the UN's endeavour for peace and development, the concept of human security helped to address the underlying and persistent causes of insecurity that ultimately inhibit people's ability to contribute to positive development.

Key to the human security framework is the centring of people and their security concerns.

It focuses on individuals as the primary object of security including "issues such as poverty, underdevelopment, hunger and other assaults on human integrity and potential."<sup>18</sup> Human security is about the protection, freedom and development of individuals in society as it aims to address the root causes that challenge human well-being.<sup>19</sup> Essentially, as noted by the UN, the human security policy framework is built on two cornerstones: "freedom from fear and freedom from want".<sup>20</sup> Potential threats can be located in seven key dimensions



**The concept of security experienced major changes over the last fifty years. As Daase (2010) writes, one can differentiate between four dimensions of the extension of this concept. In his view, the dimension of reference refers to the question of whose security is to be guaranteed. While, in the beginning, the main object of security was the state, it was superseded by society and then by the individual. The second dimension refers to the expansion of issues that are perceived as security-related. Initially, military dangers lay at the heart of the concept. Over time, economic, environmental and humanitarian concerns broadened the scope of it. Daase's last two dimensions – the geographical dimension (i.e. the focus of the concept on levels apart from the nation state like the regional, international or global level) and the way how danger is conceptualised (“from the defense against threats via the reduction of vulnerabilities to the management of risks”) – round off an ample overview of the modulations the concept of security underwent.**

17 UNDP (1994): Human Development Report 1994: New Dimensions of Human Security. UNDP, 1 January 1994, <https://hdr.undp.org/content/human-development-report-1994> (accessed 5 February 2024).

18 Buzan, Barry & Hansen, Lene (2009): The evolution of International Security Studies. Cambridge: Cambridge University Press, 36.

19 Ballin, Hirsch, Ernst, Dijstelbloem, Huub & de Goede, Peter (2020): Security in an Interconnected World. A Strategic Vision for Defence Policy, Springer Link, <https://link.springer.com/book/10.1007/978-3-030-37606-2> (accessed 5 February 2024).

20 UNDP (1994): Human Development Report 1994: New Dimensions of Human Security. UNDP, 1 January 1994, <https://hdr.undp.org/content/human-development-report-1994> (accessed 5 February 2024).



of human security: personal security, political security, community security, economic security, health security, food security, and environmental security. Accordingly, human security proposes a holistic approach that is closely related with the full realisation of human rights and it widens the traditional security concept towards incorporating values such as “dignity, equity and solidarity.”<sup>21</sup>

Applying the concept of human security to trade policymaking means centring the lives and risks of individual people and addressing the root causes for their security concerns when making trade policies. Such a practice comes with three main advantages:

**Firstly, human security refines our understanding of the trade-security nexus.**

Human security is not a neutral but a political concept. States use it as a policy tool for their political agendas that imply a comprehensive and renewed look at existing paradigms.<sup>22</sup> Given the current geoeconomic competition, it is unlikely that the security narrative will lose its power any time soon. The concept of human security offers a path to combine economic and political ambitions. It allows trade policymakers to design global trade governance while deliberately factoring in political goals.<sup>23</sup>

Human security provides a definition of security within the trade realm. As illustrated earlier, even close partners among the G7 lack a common understanding of economic security so far. The concept of human security counters the securitisation of all things trade without a detailed understanding of what is actually meant. In contrast, a human security approach to trade policy means to clearly define and analyse when and how trade policy touches upon security issues. It establishes an understanding of the trade-security nexus displaying the vulnerabilities generated by economic interdependencies.

### **Definition of human security in 2012 UN General Assembly Resolution 66/290:**

“Human security is an approach to assist Member States in identifying and addressing widespread and cross-cutting challenges to the survival, livelihood and dignity of their people.” It calls for “people-centred, comprehensive, context-specific and prevention-oriented responses that strengthen the protection and empowerment of all people.”

Source: UN (2023): What is human security? United Nations Trust Fund for Human Security, <https://www.un.org/humansecurity/what-is-human-security/> (accessed 5 February 2024).

**Secondly, human security accounts for sustainability, equity and resilience.**

Considering today’s polycrisis, the interplay between politics and the economy needs to be recalibrated to address the interlocking challenges of an escalating international rivalry, climate change and social inequalities.<sup>24</sup> The human security framework as introduced by the UNDP proposes a holistic approach that therefore can serve as a valuable policy tool.<sup>25</sup> It offers a pathway to address such insecurities that move beyond state-centred military concerns providing us with the comprehensive perspective that is needed to align the three dimensions of sustainability, equity and economic resilience.<sup>26</sup>

Human security helps to build a sustainable global economic order. The effects of climate change, including massive increase in extreme weather events and natural disasters in recent years, poses an existential threat to human life on Earth. Consequently, the German Federal Foreign Office calls the climate crisis “the greatest security threat of our time.”<sup>27</sup>

21 Tadjbakhsh, Shahrbanou & Chenoy, Anuradha M. (2007). Human security: Concepts and implications (Vol. 51), London & New York: Routledge.

22 Chandler, David. (2008) Human Security: The Dog That Didn’t Bark, Security Dialogue, 39(4).

23 See also: UNDP (1994): Human Development Report 1994: New Dimensions of Human Security. UNDP, 1 January 1994, <https://hdr.undp.org/content/human-development-report-1994> (accessed 5 February 2024).

24 See also: WTO (2023): World Trade Report 2023: Re-globalization for a secure, inclusive and sustainable future, [https://www.wto.org/english/res\\_e/publications\\_e/wtr23\\_e.htm](https://www.wto.org/english/res_e/publications_e/wtr23_e.htm) (accessed 5 February 2024).

25 Here, two schools of thought exist. One with such a comprehensive holistic concept of human security as proposed here, and a second school of thought that supports a narrow concept of human security that focuses on the protection of individuals against direct physical violence. See also: Tadjbakhsh, Shahrbanou & Chenoy, Anuradha M. (2007). Human security: Concepts and implications (Vol. 51), London & New York: Routledge.7

26 Kaldor, Mary (1998/2006). New & Old Wars. Cambridge: Polity Press. Owen, Taylor (2008) The Critique That Doesn’t Bite: A Response to Chandler’s ‘Human Security: The Dog That Didn’t Bark’, Security Dialogue, 39(4).7

27 Federal Foreign Office (2023): Climate change – the biggest security threat of our times. 2 October 2023, <https://www.auswaertiges-amt.de/de/aussenpolitik/klimaussenpolitik/klima-sicherheit/2179664> (accessed 5 February 2024).

While in some parts of the world the climate crisis is already threatening the existence of states and fuelling conflicts, elsewhere it is primarily manifested in increased air pollution and extreme weather events such as heatwaves or floods. Human security as a trade paradigm can address the uneven effects because it addresses chronic problems such as diseases and food insecurities and thus the resulting conflict situations and crises.

Human security helps to build an equitable global economic order. Already the 1994 UNDP report introducing human security as a UN development policy framework fleshed out the close interlinkage between poverty and violence as often economic hardship is a root cause of conflict. An equitable global economic order recognises that each person has different circumstances and aims to provide everyone with what they need to succeed. Human security as trade paradigm helps to allocate the resources and opportunities needed to reach an equal outcome accounting for both inequalities between and within countries. It aims at creating a society that is free from fear and provides adequate social security.<sup>28</sup>

Human security also helps to build a resilient global economic order. Facing today's geoeconomic competition, any new trade paradigm needs to factor in that economic interdependencies have evolved as a foreign policy tool weaponised by nation states. Human security accounts for individual, national and international levels as it sees structural violence as a result of disadvantaged social circumstances: "National and international security are therefore linked to the security of the society and the individual. The security of the nation state is not a goal in itself, but is for the benefit of the society."<sup>29</sup> Human security thus ensures economic security not in spite, but because of a green and equitable transformation.

Thirdly, human security narrates a positive trade paradigm.

Free trade has failed large parts of the global population as inequality within countries is deepening

and hollowing out the middle class. Many people feel disregarded by politicians and an economic system that appears to disadvantage them. Facing the complex consequences of a borderless global digital economy, many have become suspicious of globalisation. International trade has not been delivering for them. The resurgence of economic nationalism has been accompanied with a rise in right-wing populism resulting in protectionist measures in many parts of the world.

Yet, the dynamics of the current economic paradigm shift present the opportunity to make international trade deliver again. Human security takes individual risks seriously. As a trade paradigm, it prioritises individual well-being rather than open markets and national economic indicators. The goal of a human security approach to trade policy is to build a global economic order that works for everyone – even in times of geoeconomic competition. A sustainable, equitable and secure global economic order is the foundation for people from all backgrounds to prosper and to ensure that the economy provides everyone with opportunities to thrive.

## THE STATE AS AN ACTIVE DESIGNER OF GLOBAL TRADE GOVERNANCE

With the transition from globalisation to geoeconomics, the state has regained an active role in trade policymaking. Thus, it is about time to reassess the role of the nation state in the national and international economy. For several decades, the neoliberal paradigm of unregulated markets and a strict separation of state and economy has dominated international trade policymaking. Until recently, it appeared to be axiomatic amongst policymakers and academics in the Global North that almost any state intervention in the economy would represent interference with the self-regulating "invisible hand" of the market. An active state was considered a bad, not a good thing.

States always have been and will be the active designer of global trade governance. As legislative

28 Ballin, Hirsch, Ernst, Dijstelbloom, Huub & de Goede, Peter (2020): Security in an Interconnected World. A Strategic Vision for Defence Policy, Springer Link, <https://link.springer.com/book/10.1007/978-3-030-37606-2>, (accessed 5 February 2024).

29 Ballin, Hirsch, Ernst, Dijstelbloom, Huub & de Goede, Peter (2020): Security in an Interconnected World. A Strategic Vision for Defence Policy, Springer Link, <https://link.springer.com/book/10.1007/978-3-030-37606-2>, 19 (accessed 5 February 2024).

bodies, states control border crossings and determine the conditions and rules of international trade as they negotiate and sign the bilateral and multilateral legal frameworks that build the global economic order.

Thus, states will remain central to trade anyway. Notably, their interest in maintaining power is particularly vested for trade policies connected to security. This is true for any level of governance: national security is a policy arena in which states protect their sovereignty against the involvement of non-state actors at a local or national level just as they protect it against interference of other states and international bodies. Nation states maintain full sovereignty concerning their security. This is a contrasting approach as for trade, where nation states are willing to collaborate with non-state actors to a certain extent and to even transfer sovereignty to international bodies – the EU is certainly an extreme example here. Concerning security, states are less willing to compromise or even transfer authority to international bodies. As security concerns trump economic considerations with continued frequency, a functioning global economic order can only be rebuilt if nation states become active designers of this new order themselves.

## POLICY RECOMMENDATIONS FOR A SUSTAINABLE, EQUITABLE AND RESILIENT GLOBAL ECONOMIC ORDER

In times of geoeconomic competition, the positive concept of human security helps to repurpose international trade and trade policymaking. To bring human security as a new trade paradigm to life, nation states must take on their role to design a sustainable, equitable and resilient global economic order. We have developed concrete policy recommendations for them on how to take on this role. While each recommendation prioritises a specific dimension, they all take all three identified dimensions into account.

To design a resilient global economic order, nation states should...

... **not give up on multilateralism.** The WTO is based on important principles such as non-discrimination and transparency. Despite the current geoeconomic competition and its organisational reform deadlock, the WTO is still providing for a global rules-based

order. Bi- and plurilateral trade agreements are a viable option to continue designing the global economic order as long as the multilateral WTO path is gridlocked, but they should be only an additional not a substitutional path. More than the WTO, bi- and plurilaterals are often more comprehensive when it comes to environmental and social clauses. Only if purpose-driven, open to new members and linked to existing WTO obligations, bi- and plurilaterals could incorporate and even help to reform the multilateral approach.

... **harmonise economic security strategies among partners.** As multilateral trade cooperation is in decline, unilateral economic security strategies spread protectionism. Together with a joint effort for reviving multilateralism, political partners should be determined to cooperate on their economic security strategies, too. The first step of harmonising their strategies is to agree on a common definition of security that underlines their collective understanding and interpretation of the changing economic-security nexus. Human security offers a rationale that should be shared by all democracies: to safeguard economic security without losing sight of sustainability and equity. If partners such as the G7 act in concert when implementing measures such as in- and outbound investment screening or export controls, they ensure that they cannot weaponise their interdependencies against each other; and, in addition, that their opponents cannot play both ends against the middle. Harmonising economic security strategies also implies to agree on the range of measures implemented. This could help to avoid frictions such as triggered between the United States and the EU by the implementation of the American IRA.

To design a sustainable global economic order, nation states should...

... **hold producers of environmental externalities responsible.** Nation states should enforce financial penalties on those who produce or have produced environmental externalities to hold them responsible. The necessary green transformation of the global economy is expansive. Therefore, actors that have contributed to climate change and those who still counteract transformation efforts should

pay for it. This applies for nation states that have either built their wealth on the expense of people in the Global South as well as those countries that fail to deliver on their national climate action plans under the Paris Agreement. It also applies to non-state actors – particularly corporations – that fail to comply with environmental obligations. But not all actors have the same resources in command to fund the transition to a green production. Fulfilling their role as an active designer of trade policies, nation states should subsidise industries if they are considered as critical for reducing economic interdependencies but lack financial means to observe comprehensive green regulations.

**... finance the implementation of circular economy initiatives.** As resources are scarce and recycling is not only expensive but often also consumes high resources itself, producer responsibility should be extended to the post-consumer stage of a product's life cycle. Ideally, holding producers responsible will in the long run induce a change in the early stages of production to allow for a circular approach instead of throwing products away. The approach of an "extended producer responsibility" policy shifts physical and economic responsibility either fully or partially upstream toward the producer and away from municipalities. As an active designer, nation states should financially support this transition to ensure the implementation of new ways to resource-saving value creation processes and circular trading.

To design an equitable global economic order, nation states should...

**... grant full worker and civil society participation in trade policy institutions.** Reforming national as well as international trade policy institutions would ensure transparency and access for so far underrepresented stakeholders of international trade. Representatives of workers and civil society could raise policymakers' awareness of more human-centred topics such as labour regulations. For instance, if the German government decides to subsidise huge foreign direct investments in rural Germany to reduce economic interdependencies, not only the environmental implications, but also the investors' track-record on its cooperation with unions and its handling of other labour issues should be considered.

**... control corporate social impact along entire global value chains.** Supply chain laws are already implemented or in the making, however, often watered down by business interests. National governments need to resist these lobbying efforts and embrace their role as active designers of trade policymaking responsible for all, not selected stakeholders. Carefully crafted supply chain laws not only secure labour regulations, but also safeguard environmental obligations along the supply chain and, even more, strengthen their entire resilience thanks to a comprehensive political and economic monitoring.

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