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Summary

The 2026 Geoeconomics Group Conference took place at the Royal Military Academy in Brussels on the 29th of January. Throughout an afternoon of fruitful discussion among scholars and policymakers, the conference covered various perspectives on the impact of the geoeconomic turn in global politics on Belgium. Summarizing the discussions, this report reflects on the current debate on geoeconomics in Belgium.

Belgium and the new geoeconomic order

Over the past decade, the boundaries between economic and security policy have become blurry, as economic interactions are instrumentalized for geostrategic purposes more often than before. In response, policymakers have had to readjust economic policy to strengthen strategic autonomy and ward off economic coercion. Meanwhile they needed to boost competitiveness, safeguard economic openness, and provide clear rules for companies navigating the uncertainties of a more fragmented world. Doing so is a multifaceted challenge, the complexity of which is amplified in Belgium by the dispersion of relevant competences across various levels of government. Therefore, developing economic security policy in Belgium relies on two interrelated priorities: (1) *désilotage*, which entails breaking down barriers between government services, and (2) developing a common understanding of what geoeconomics is, how it threatens Belgium's core interests, and which specific vulnerabilities Belgium has in this regard. Once achieved, these priorities would allow for a holistic approach to confronting the geoeconomic headwinds faced by Belgium.

Key insights

Trade: In response to the geoeconomic turn in global affairs, the EU has readjusted its open, rules-based approach to trade policy towards strategic autonomy and economic security. It has developed defensive and offensive policy instruments to reinforce

supply chains and counter economic coercion. Effectively implementing the new instruments, however, remains a challenge that requires improved coordination and information sharing between the EU and national governments, as well as closer cooperation between policy and business. Firms are the primary actors in international trade, and therefore play a key role in reconfiguring supply chains to safeguard European economic security.

Investment: Foreign direct investment (hereafter: FDI) is a topic emblematic of the innate tensions of geoeconomics. While foreign investment brings economic benefits, dependency in strategic sectors on companies linked to a geopolitical rival creates geoeconomic risk. FDI screening mechanisms serve to address this risk, yet come with an important trade-off. While companies require transparency and legal certainty before committing to major investments, effective screening often relies on flexibility in application and a degree of secrecy, especially amid shifting geopolitical alliances. Continuing to attract foreign investment while protecting the European market against malign intent is thus a delicate balancing act, and touches on the core of the economic security debate.

Industrial policy: Spurred on by global technological competition, the taboo on industrial policy has dissipated. However, lessons from recent Chinese and European industrial policy, as well as analysis of the impact of state aid on supply chains demonstrate that industrial policy comes with caveats. First, it is not always beneficial: it works best in stimulating emerging and innovative sectors, but is likely to stifle productivity elsewhere. Second, if overarching (European) objectives are not clearly formulated and coordination is lacking, industrial policy initiatives at intermediate levels of government (national/regional) may result in harmful competition among subsidized actors and lead to market disintegration.

Maritime domain: As the backbone of global trade and connectivity, the ocean is a key arena for geoeconomic competition. Subsea cables, pipelines, and ports are vital economic infrastructures under threat. Critical underwater infrastructure has become subject to sabotage conducted through civilian assets, while the centrality of foreign investment in port business models constitutes a geoeconomic vulnerability. Protecting the assets demands a broad approach, which accounts for the integration of maritime and land-based infrastructure, and carefully weighs strategic and commercial objectives. To monitor strategic dependencies, 'tripwires' should be identified, which can indicate when geoeconomic vulnerabilities accumulate, thus allowing for preventative action.

In sum, geoeconomics is an emerging dynamic in global politics, and policy developments in this field are ongoing. Initial steps towards a new economic security architecture have been made, yet successful implementation requires finetuning. Better coordination of efforts among national governments within the EU is necessary to avoid economic fragmentation. Meanwhile, closer cooperation between governments and firms should help to minimize the potentially negative effects of economic security policies on the competitiveness of domestic business. As geoeconomic policies are brought into practice over the next years, potential adverse effects must constantly be monitored to make timely adjustments where necessary. While the inherent dichotomy between prosperity and security cannot be negated altogether, sound geoeconomic policymaking is at least aware of it and uses evidence-based insights to strike the right balance.

Introduction

Globalization over the last few decades has created an economically interdependent world. While some expected interstate relations to improve as economic links tightened, recent years have shown that states also exploit economic relations for geostrategic gains. As an open economy and member of the European Union (hereafter: EU), Belgium has found itself in the middle of the new geoeconomic order. The country has felt the effects of both foreign economic statecraft and the reactions of the EU. In response, it has had to adapt its own policies and institutions, for example by creating an FDI screening mechanism and by implementing industrial policy measures for the defense industry. However, there is an inevitable tension between security and welfare in geoeconomic policies. Therefore, managing and implementing these policies successfully requires a thorough grasp of the new political and economic dynamics.

To improve the understanding of geoeconomics in Belgium, the Geoeconomics Group organized its first conference at the end of January 2026. The event aimed to bring together academics and policymakers. It provided a platform for academics to share their latest research on geoeconomics and provide actionable insights to practitioners. Conversely, the conference offered policymakers an opportunity to share and discuss their practical knowledge and observations with scholars. The conference consisted of two main parts: a plenary session containing an opening keynote and an expert panel discussion, and parallel breakout sessions on the topics of trade, investment, industrial policy, and the maritime domain. This paper serves as the

proceedings of the debate at the Geoeconomics Group Conference 2026¹.

Opening Keynote and Panel Discussion

The conference opened with a warm call for regular interactions between academia and policymakers. The point was illustrated by a demonstration of how the widely praised speech by Canadian Prime Minister Mark Carney reflected many ideas that have been debated in the field of international political economy for over half a century. Subsequently, the opening keynote by Cind Du Bois, professor of economics at the Royal Military Academy (hereafter: RMA) and advisor to the Minister of Defense, further emphasized the importance of a close link between government and academia. She explained how a well-considered economic security strategy requires evidence-based insights, especially when it comes to the mapping of strategic dependencies. Professor Du Bois further elaborated on the special challenge of crafting geoeconomic policy in the Belgian context. Many competences that touch on either economic or security policy are spread across the European, national, regional, and communal levels. She therefore encouraged the efforts of scholars and policymakers to come together at the conference and stressed how the event can contribute to sound economic security policymaking.

The keynote was followed by a panel discussion between three experts in the domain of geoeconomics. Bringing together academic, governmental, and business perspectives, the panel consisted of Jo Van Biesebroeck, professor of economics at KU Leuven, Anne Bonet, special consultant at the CELIS institute and the former head of the FDI screening commission of Belgium at the

statements to a specific person except for the presentations by the researchers.

¹ Because the conference was held under Chatham House Rule, this document does not attribute any

FPS Economy, and Olivier Joris, Executive Manager for European and International Affairs at FEB/VBO, the Belgian federation for the private sector. The debate was moderated by Victor De Decker, researcher at the Egmont Institute and the RMA specializing in geoeconomics and economic security. The panel reflected various points of view and, as such, helped to frame the multidimensionality of contemporary geoeconomic challenges.

The expert panel opened with a discussion on the ongoing transition in economic policymaking towards a more geoeconomic perspective that emphasizes economic security. The panel argued that the shift started around 2015, when trade as a share of GDP stopped growing and Western governments started worrying about the rise of China. For the private sector, the geoeconomic turn is slowly being integrated within firms. While geopolitical events were already closely monitored at the board level before, employees at the operational level have recently started following developments around sanctions, export restrictions, and other geoeconomic policies. In addition, geopolitics is increasingly integrated into risk management analyses. Belgian policymakers also adapted. As the geoeconomic shift was accelerated by unforeseen events such as the COVID-19 pandemic and the Russian invasion of Ukraine, the government had to adjust quickly. Initially, officials often had to improvise, but as experience grew, they adopted the new framework. Today, implementation is mainly constrained by limited understanding of economic security policy within private firms.

Considering geostrategic competition in economic policymaking comes with challenges. Most notably, the panel discussed the difficulty of balancing welfare and security. The trade-off is particularly

present in regulating FDI, in which governments try to attract new foreign investments while restricting harmful ones. At the moment, the screening is limited to specific sectors, but the selection of the sectors does not always make sense from a security perspective. To boost both economic security and welfare, while diminishing the need for foreign investment, a panelist suggested to focus on increasing domestic competitiveness as a middle way that serves both goals. Still, the panel warned that we should not do away with economic openness altogether. On the contrary, we should try to ensure certainty in our partnerships with foreign countries and stick to our end of the bargain as well. Similarly, certainty is crucial in the relationship between the government and the private sector. A common understanding of economic security is an important condition to achieve such certainty, as it facilitates the development of reliable and clear economic policies towards firms and foreign countries alike. Moreover, given the variety of factors that affect the performance of firms, it is important to reach an agreement on the threshold of acceptability for economic security risks. Such a threshold would help determine whether reaction to a certain security threat is required or would actually be counterproductive. Another key suggestion to promote certainty about economic policy is to improve cooperation between government departments in a move towards so-called *désilotage*. Economic security is, by its nature, a domain that touches upon several competences and therefore requires a holistic approach. In addition, to face the challenges of the geoeconomics era, the panel emphasized the need for better data to support evidence-based policymaking. Specifically, better knowledge of supply chains could contribute significantly to revealing and mitigating strategic dependencies.

Finally, the panelists stressed that an important part of getting geoeconomic policies right will be about how we engage with foreign partners. New European trade agreements, like those signed with MERCOSUR and India, are necessary to benefit more from international trade, but can also create difficulties for specific firms. Meanwhile, the main question regarding international partnerships is how Belgium and the EU should position themselves towards China. Although Chinese trade and investment policies can, at times, be harmful for the European economy, the panel reminded us of the appeal of European products to China. The dynamics of the balance of payments mean that, either directly or indirectly (i.e., through third countries), China will have to use its foreign currencies to buy our goods and services. Alternatively, China could use its reserve euros to invest in the EU. Therefore, the EU should decide on what type of investments it wants to attract and not indiscriminately open the door to any kind of Chinese investment. On the related subject of reshoring, which refers to the policy of encouraging firms to reinvest in their home country, the panel commented that decisions to relocate manufacturing back to Europe are typically the result of firm-specific strategies. A firm's actions depend on the business model and not on the patriotism of the board or the executives.

The opening keynote and the panel discussion set the stage for the rest of the conference. In an increasingly geopoliticizing world economy, the link between academia and policy crucially thoroughly grasp the new dynamics. The disruptive transition from an open international economy to a more fractured geoeconomic order poses several challenges to policymakers, most notably about how governments should position themselves towards economic partners. After describing

the general setting of the international political economy, the debates continued in breakout sessions divided in four domains: trade, investment, industrial policy, and the maritime domain. In this way, the academics and policymakers could go into depth about the specific dynamics of each domain.

Session 1: Trade

Since 2019, EU trade policy has undergone a profound transformation, moving away from a predominantly open, rules-based trading order towards a geoeconomic order centered on strategic autonomy and, more recently, economic security. The shift reflects growing geopolitical fragmentation, heightened great-power competition, and the increasing use of economic instruments for strategic purposes. Two presentations, by Sjorre Couvreur and Dennis Essers, examined this transformation from complementary angles: the institutional and policy evolution of EU trade governance, and the concrete effects of sanctions on Belgian firms' trade flows with Russia.

The Geoeconomic Turn of EU Trade Policy

In the first presentation, Sjorre Couvreur (RMA) traced the EU's strategic shift across three phases. Before 2019, EU trade policy was largely anchored in multilateralism and openness. Between 2020 and 2021, the focus shifted towards strategic autonomy, driven by pandemic-related supply disruptions and rising geopolitical tensions. Since 2023, the dominant frame has become economic security, emphasizing resilience, risk reduction, and protection against coercion.

The geoeconomic turn manifested itself in two dimensions. The reorientation has materialized in an expanded geoeconomic trade toolbox. Defensive instruments include foreign direct investment screening, export controls, the Foreign Subsidies Regulation,

the international procurement instrument, and the Anti-Coercion Instrument. These tools aim to shield the EU from external vulnerabilities and unfair practices. At the same time, the EU has developed offensive or regulatory instruments with extraterritorial effects, such as the Carbon Border Adjustment Mechanism, the Deforestation Regulation, the Corporate Sustainability Due Diligence Directive, and the Forced Labour Regulation. Although framed in environmental or social terms, these measures function as unilateral trade policy instruments that shape global value chains. In addition, the change in perspective was reflected in institutional changes. Economic security has, for example, become a strategic pillar in DG TRADE, and the Trade Commissioner's portfolio has been formally expanded from trade to trade and economic security. The name change reflects the growing integration of trade, security, and industrial policy at the EU level.

The new policy orientation poses two major coordination challenges. First, geoeconomics blurs the boundaries between EU and member state competences, as it touches upon security-related domains. This creates tensions in policy design and implementation, especially as the Commission has taken a strong leadership role through its president Ursula van der Leyen. Second, effective geoeconomic governance depends heavily on private firms, whose investment decisions and supply-chain data are crucial. Companies, however, are often reluctant to share sensitive information. To address these challenges, the Commission has launched coordination mechanisms such as the EU Economic Security Network and Geoeconomic Expert Groups. Simultaneously, the Council has sought to reassert member state influence as well, notably through the Council Working Group on Economic Security. Belgium illustrates the complexity of institutional coordination, as

competences are divided between federal and regional authorities, creating strong incentives for formalized governance structures. On the external front, diversification through new trade partnerships, notably with India and MERCOSUR, is intended to reduce strategic dependencies. However, ratification delays in the European Parliament have weakened EU credibility. Many partner countries perceive the EU as demanding and compliance-intensive, while alternative offers, particularly from China, are faster and less prescriptive. This weakens the EU's competitive position in the global economy and world politics.

Sanctions and Belgian Trade with Russia

In the second presentation, Dennis Essers (National Bank of Belgium, hereafter: NBB) focused on one specific geoeconomic instrument: economic sanctions. In an increasingly fragmented global economy, sanctions have become more frequent and comprehensive. The EU's sanctions regime against Russia since 2022 represents its most extensive use of this tool. While existing research has primarily examined effects on sanctioned countries, little is known about the consequences for sanctioning countries themselves. Dennis addressed this gap using detailed Belgian administrative data on trade, balance sheets, and VAT records to analyze firm-level responses since 2022.

The results show that Belgian trade dependencies on Russia were relatively limited even before the war, with a few sectoral exceptions, and have further declined under sanctions. The remaining trade has become highly concentrated among specific firms and sectors. On the export side, pharmaceuticals and wholesale trade dominate; on the import side, manufactured base metals account for most remaining flows. The effects of the sanctions were more severe for firms with higher

exposure to Russia before the invasion. They were less likely to exit the Russian market and reduced their exports to the country. In addition, they experienced weaker growth in total exports. Firms with a higher share of sanctioned exports were more likely to stop trading with Russia and to redirect exports toward Central Asian countries, which suggests that they might circumvent sanctions. A similar pattern appears on the import side.

Overall, the decline in Belgo-Russian trade is driven mainly by sanctioned goods, while non-sanctioned trade persists in niche segments. Although firm behavior adjusts at extensive and intensive margins, preliminary results suggest limited effects on total turnover, except for firms heavily exposed to sanctioned goods. A major unintended outcome is the widespread redirection of trade through third countries, particularly in Central Asia, which highlights enforcement challenges and loopholes in the sanction regime.

Discussion

The discussion emphasized structural constraints on effective geoeconomic governance. First, there is a persistent lack of harmonized, high-quality data at the member state level, limiting monitoring and evaluation of policies such as sanctions. Second, coordination between member states remains insufficient, despite new EU-level mechanisms.

More broadly, the two presentations highlight a central tension in EU geoeconomics. On the one hand, the EU has rapidly expanded its regulatory and coercive toolkit and embedded economic security in its institutional architecture. On the other hand, implementation depends on fragmented governance structures, reluctant private actors, and uneven enforcement.

Conclusion

Together, the presentations show that the EU's geoeconomic turn is both deep and consequential. It has reshaped trade policy instruments, institutional priorities, and firm behavior. However, unresolved coordination problems, limited data, and external credibility challenges constrain its effectiveness. The Belgian case illustrates that while geoeconomic tools such as sanctions can achieve headline objectives, their long-term success depends on improved governance, stronger information-sharing, and more coherent alignment between security, trade, and competitiveness goals.

Session 2: Investment

The second session, led by Professor Jo Van Biesebroeck (KU Leuven), focused on foreign direct investment. Prof. Van Biesebroeck kicked off by comparing the geoeconomic pros and cons of welcoming FDI to the country. The benefits are numerous. Inward FDI in the manufacturing sectors improves reindustrialization and, as a result, makes supply chains more resilient. If the foreign investor possesses valuable technology, there may also be a knowledge transfer to the subsidiary. In sum, it helps reinforce essential industries, technologies, and assets.

There are, however, also geoeconomic risks. Motivated by the benefits of FDI, governments might be too generous toward foreign investors compared to what they get in return. In addition, the economy might lose domestic know-how and important supply contracts to the foreign investor, which decreases its overall competitiveness (the Geely-effect). Finally, the foreign investments can shift the strategic balance. The two presentations further elaborated on the strategic implications: one develops a theoretical framework to assess the risks, while the other focuses on the institutional framework for FDI screening.

How Can Foreign Investors Harm National Security?

In the first presentation, Nick Houttekier (RMA and Vrije Universiteit Brussel, hereafter: VUB) discussed the conditions under which an acquisition by a foreign investor can create a national security risk. While many states have installed screening mechanisms, the actual security implications remain little understood. Therefore, he developed a theoretical framework based on academic literature to assess under what conditions an acquisition by a foreign investor can pose a strategic risk to the receiving country.

The framework consists of three pillars that define the conditions under which foreign investments can be harmful. The first pillar concerns the bilateral relations between the state where the investor comes from (the home state) and the state where the investment takes place (the host state). The acquisition creates interdependence which makes it possible for the two states to affect each other. In a peaceful relation, both will cooperate to obtain the absolute gains, but when conflict arises, they will consider the relative gains of the acquisition. For the investment to be harmful, bilateral relations should be hostile. This insight leads up to the second pillar, which considers the shift in relative power resulting from the acquisition. On the one hand, the acquisition can improve the power of the home state if it allows the transfer of strategic technology to the home state or if it gives the home state access to important nonpublic information. On the other hand, the acquisition can harm the power of the host state if it makes the host state dependent on vital goods or services in a concentrated market.

However, in order to implement strategic actions, the government of the host state should have a certain amount of control over the acquired firm, which constitutes the third

pillar. In the first stage, the foreign government should have control over the investor. This can be achieved either by direct ownership or, if the government is not a direct owner, by indirect influence over the investor (for example, if the investor is reliant on government aid). In a second stage, the investor must have control over the acquired firm, which depends on the ownership share and special voting rights.

The combination of the three pillars in the framework explains under what conditions inward FDI can constitute security risks. As such, it provides a helpful structure for practitioners that have to decide on investment cases.

Balancing Security and Economics: Investment Screening in the EU

In the second presentation, Floor Doppen (University of Antwerp) weighed the trade-offs of security and welfare in the EU's investment screening mechanisms. The implementation of the mechanisms started around 2016 when Chinese investments became more politicized. By the end of 2026, all EU member states need an operational mechanism. In her doctoral research, Floor mainly focuses on the inter-state variation between the mechanisms from a political economy perspective, in which the balance between security and economic considerations plays an important role.

Part of her research zooms in on varying responses of port authorities to FDI screening. Variation is an important aspect of European investment screening. For one, it fragments the single market. If some member states are more tolerant than others, they will attract more investments and reap the benefits. Variation therefore might incite a race to the bottom. In addition, different procedures and rules create legal uncertainty for investors. The difference between member states also has security

implications. As European firms are strongly linked, breaches in data security and supply chain risks due to lax screening can harm the economic security of other member states. The variation can hence infringe on the principle of security solidarity.

Based on her research, Floor proposed several policy recommendations to improve the effectiveness and harmony of the screening mechanisms. One recommendation is to allow some flexibility in the screening, so governments can intervene if a case clearly poses a risk, but might fall outside of the legal scope of the mechanism. Related, the mechanisms should be part of a wider economic security strategy based on a whole-of-society approach that includes the insights of critical industries. The screening mechanisms will also benefit from closer inter-governmental cooperation based on the common understanding that the economic security of one EU member state affects the others. From this perspective, governments should exchange more information, provide joint training for officials, and streamline the procedures.

Discussion

After the two presentations, there was room for debate with the audience. One audience member questioned whether tensions in the bilateral relations are necessary for inward FDI to pose a threat. If the industry is vital and creates a dependency on a foreign country, the investment creates a security risk even if the two countries are allies. The researcher answered that the bilateral relations do play a role. Only in the most strategic sectors would an investment which flips the relative gains pose a threat between allies. While a Chinese investment in Belgium's electricity caused concerns, the French acquisition of a major Belgian energy corporation was uncontroversial.

Another topic of debate was about finding the middle ground between legal certainty

for the investor and flexibility for the government. Mergers and acquisitions deals are often high-stakes affairs and involve sizeable financial commitments, so the potential buyers and sellers of assets want to know what they are up to. Government officials, on the contrary, want flexibility in the screening procedure. Economic security is a complex affair, so officials prefer to maintain the prerogative to investigate a wide range of sectors.

The session ended with a discussion on the topic of transparency and deterrence, which links to the former. Firms would benefit from transparency about red lines from screening authorities. At the same time, it would be a clear sign to investors in sensitive sectors whether or not an acquisition would be approved. Yet, it would also make it possible for malign investors to circumvent potential investment restrictions. How the deterrence of clear communication plays out is still unclear.

Conclusion

The introduction, presentations, and discussions highlighted important tensions in the geoeconomic challenges posed by foreign investments. There is an innate trade-off between welfare and security in the screening of incoming FDI. Nick's presentation demonstrated that the security implications are complex and, accordingly, Floor argued for flexibility in the screening to not miss out on fringe cases. Yet, during the discussion, policymakers stressed the need for potential investors for legal certainty. A similar trade-off could be found on the topic of cooperation. Floor had illustrated the fragmentation of screening mechanisms in the EU and the need for more intergovernmental cooperation, but some policymakers explained how, in the case of long-term investments, it is often hard to assess which states are and will stay a partner. A final trade-off was between

transparency and secrecy. The academics pointed out the lack of data about the investment screening, while the policymakers explained that it is necessary for national security and corporate confidentiality to not reveal too much information. Hence, the geoeconomic subdomain of investment and its screening is marked by specific tensions that are also reflected in the general dynamics.

Session 3: Industrial Policy

For a long time, industrial policy was taboo in the European Union, as policymakers and economists judged it to be an inefficient waste of government resources. Now, following the heightened concern for technological competition, industrial policy has made a comeback. The third session, led by Professor Nikolas Vander Venet (VUB), examined three important aspects of contemporary industrial policy. The first presentation examined the guiding principles and key takeaways from Chinese industrial policy experiences. The second presentation looked at recent projects of European industrial policy collaboration. The last presentation discussed the effects of industrial policy, both for the entities that received the aid and for the other entities that are integrated in the supply chain.

Conceptualizing Chinese Industrial Policy

In the first presentation, Robin Schindowski (KU Leuven) explored the industrial policy of China, a country well known for its extensive use of such policies. While other studies remain high-level or focus on a single aspect, this study examines the articulated priorities, implementation mechanisms, and the political economy dimension. The priorities of China's industrial policy have shifted in recent years. Whereas China initially maintained a narrow focus on strategic industries, it is now also targeting low-end manufacturing, based on the idea that it needs to lead across the entire value chain.

The shift has sparked a debate on whether the government should preserve low-end manufacturing domestically or allow it to be outsourced to third countries. After all, sectors that have thrived, such as electric vehicles and battery technologies, are largely rooted in low-end technologies imported in the early 2000s.

At present, two guiding principles stand out. On the one hand, the government seeks to bridge 'short boards', which refer to technologies that are indispensable for economic and national security. On the other hand, it aims to forge 'long boards', which refer to technologies that promise breakthroughs with disproportionate strategic benefits. The Chinese government employs several mechanisms to implement its industrial policy. It makes use of national key R&D programs, as well as special initiatives and individual projects and tasks. The government also supports a wide range of firms, from SMEs to global manufacturing giants. The type of support a firm receives depends on its size and characteristics. In addition, industrial policies vary geographically, for example, through specifically designated industrial and development zones. The observations are important for policymakers. One key takeaway is that soft budget constraints and regional protectionism can undermine the creation of a unified national market, as they have led to so-called involution in China. At the European level, it is therefore crucial that industrial policies align with regional comparative advantages. For Belgium, this implies focusing industrial policies on comparative strengths within strategic sectors and fostering linkages with innovation and high-tech industrial growth.

IPCEIs, A Common European Interest?

In the second presentation, Ruben De La Cruz (Ghent University) explained how Important Projects of Common European

Interest (hereafter: IPCEIs) illustrate the dynamics of EU industrial policy. Many view IPCEIs as a blueprint for the EU's industrial policy ambitions that could serve as a model for the future EU state aid framework. Yet, EU member states differ substantially in their capacity to sustain and their motivation to participate in these projects, questioning the extent to which IPCEIs—and EU industrial policy in general—serve a common European interest.

There are two perspectives that need to be considered when analyzing the projects. First, the supply-side perspective considers which member states have the resources to participate. Although fiscal capacity is important, countries under fiscal stress (e.g., France or Italy) are also very active participants. Rather, IPCEI participation is shaped by the sheer size of a country's economy. Second, the demand-side perspective considers member states' motivation for participation. The reasons for participating often include both de-risking investments and an attempt to stimulate economic growth. Since member states have domestic reasons for participating in IPCEIs, the question remains whether they truly function as instruments serving common European interests.

As such, the lack of clarity regarding what constitutes a common European interest complicates the attraction of private funding due to limited legal certainty. In addition, it creates further bureaucratic and administrative burdens. Ultimately, the implementation of these projects depends on national authorities. Differences between member states therefore risk fragmenting the internal market. In order to truly serve a common interest, the EU should coherently identify key sectors its industrial policy aims to support and take steps to preserve the integrity of the single market.

Does State Aid Deliver and How is it Spread in the Supply Chain

In the final presentation, Pablo Muyle (Ghent University) presented his research on the effects of state aid on supply chains. The study is based on an event study method, which examines the economic effects of a specific event, in this case, the allocation of state support.

The first part of the study analyzed whether the performance of recipient firms improved after receiving aid. Somewhat counterintuitively, aided firms, on average, perform worse after receiving support. They generate less added value, employment, profits, and are less productive. A notable exception arises when the aid is innovation focused. In that case, firms tend to perform better following the financial stimulus. The second part of the study examined whether state aid affects sectors other than those directly receiving support. It indicates significant spillovers along the supply chain. Aid often leads subsidized firms to reorganize by shifting capacity, by altering product lines, or by changing suppliers, thereby disrupting established domestic relationships. Foreign partners tend to be less affected. Large aid packages to established firms often produce even more negative results.

It is therefore misguided to evaluate aid solely by examining recipient firms while ignoring the costs borne by domestic supply-chain partners. The findings provide important insights for Belgian policymakers. First, they underscore the importance of prioritizing R&D and innovation within industrial policy. Second, they provide arguments in favor of supporting younger firms rather than older, more established firms. Third, they demonstrate the importance of accounting for supply-chain effects when designing state aid. Finally,

they show the value of investing in robust evaluation infrastructure.

Conclusion

The session provides important general insights into the advantages and disadvantages of industrial policy. Two presentations pointed to the risk of fragmentation in industrial policy. Both in China and in the EU, regional or national governments try to stimulate their local or domestic economy by giving aid, which could lead to disintegration and competition instead of unification and synergies. The session also highlighted how the current policies could be ineffective. While EU member states have participated in IPCEI projects to stimulate economic growth, the evidence cited in the final presentation shows that firms perform worse after receiving aid, except when it is directed at innovation. Overall, the session introduced some important caveats to the renewed enthusiasm for industrial policy.

Session 4: Maritime Domain

The fourth session, moderated by Tijs ter Haar (RMA and VUB), focused on geoeconomics in the maritime domain. Historically, the maritime domain has always been a crossroads of geopolitical and economic interests, and as such, has facilitated both naval competition and international trade simultaneously. In recent years, the importance of the maritime domain has grown even larger.

Amid globalization, the use of the oceans has both intensified and diversified at the same time (the blue acceleration). The volume of traditional maritime activities, such as trade and fisheries has increased, while the ocean is also being used in new ways, including offshore oil and gas production, and wind energy at sea, and by placing fiber-optic cables on the seafloor to enhance digital connectivity.

However, with a global economy that is both highly integrated and highly maritime, the 21st century has also seen states increasingly exploit the maritime economy for strategic purposes. In a more geoeconomic global order, states instrumentalize ostensibly peaceful maritime activities such as shipping, port investment, and maritime research alongside more traditional instruments of 'hard' maritime power, such as naval assets, to compete with peers and advance national interests in the maritime domain. The maritime domain breakout session consisted of two academic presentations, both focused on specific sectors of the maritime economy that have taken on an increasingly strategic character amid the geoeconomic turn in international relations.

Security (Critical) Infrastructure in the North Sea

In the second presentation Magali Michiels (VUB), discussed how Europe's growing dependence on subsea cables, offshore energy systems, and other forms of Critical Undersea Infrastructure poses new challenges for maritime security. She noted that although the Nord Stream explosions in 2022 drew widespread attention to the fragility of underwater networks, subsequent disturbances in the Baltic Sea have shown that incidents can emerge from a range of causes, intentional or otherwise.

According to Magali, similar concerns are increasingly relevant in the North Sea, where offshore wind installations, electricity interconnectors, and digital connectivity cables form an exceptionally dense and interlinked system. Using Bueger and Edmunds' maritime security toolbox as an analytical lens, the study outlines potential avenues for Belgium and neighboring states to strengthen their posture. It highlights the need for coherent strategic planning, more structured informal cooperation, improved

situational awareness at sea, robust operational arrangements, and long-term capacity development. Among the practical measures discussed were enhancing coordination structures such as NorthSeal, addressing the shortage of rapid repair capabilities, and refining legal provisions that govern inspection and deterrence activities. Magali underscored that safeguarding North Sea infrastructure ultimately hinges on sustained collaboration across public authorities, private stakeholders, and regional partners to prevent hybrid disruption risks from materializing.

Who Owns the Gateways? A Geoeconomic Perspective on Diverse Ownership in Landlord Ports

In the second presentation presenter, Merel Jacobs (RMA and VUB) explored how foreign involvement in European ports can be understood through a geoeconomic lens, focusing on the Port of Antwerp Bruges (hereafter: PoAB) as a detailed case study. Merel noted that public debates have often centered on China, whose state-directed economy and strategic ambitions raise questions about how commercial port operations intersect with national interests.

However, the research shows that the vulnerabilities created by the landlord port model, where public authorities retain ownership while operational activities are privatized, extend well beyond any single foreign actor. By mapping ownership structures across the port's diverse terminals and service providers, Merel demonstrated that a wide variety of international companies, not only Chinese ones, hold stakes in operational segments that are economically and strategically relevant. At the same time, the analysis reveals that Belgian and EU-based companies continue to play a dominant role across much of the port's governance and operations, a pattern

that indicates considerable resilience to large-scale external control. The study also highlights that foreign participation is unevenly distributed, with higher concentrations in certain sectors that carry heightened strategic significance. This differentiated landscape, Merel argued, calls for nuanced assessments of port vulnerability and underscores the need for policy responses that recognize both the value and the challenges of foreign involvement.

Discussion

Following the presentations, discussion among the session participants started from a common understanding that the maritime domain serves as the logistical backbone of the global economy, thus carrying special importance for a trading nation like Belgium. The PoAB, a crucial gateway between European and global markets, was specifically discussed both as a lynchpin of European connectivity and as a Belgian asset deserving of protection. Referencing the EU's Trans-European Transport Network policy, it was highlighted that thinking about the security of maritime infrastructure should go hand in hand with attention to security in infrastructures that play a key role in hinterland connectivity, such as railways and inland waterways. Considering the threats posed to the security of both maritime and hinterland infrastructures, the discussion focused on the role of foreign investment. China's Belt and Road Initiative was mentioned as a prime example of a comprehensive strategy serving commercial, but potentially also strategic objectives by investing not only in main infrastructural hubs but spreading investment across logistical networks more broadly.

Another recurring theme throughout the discussion was the extent of foreign influence in the Belgian maritime domain, beyond formal ownership structures or individual

pieces of critical underwater infrastructure. Participants pointed towards examples such as crane suppliers and digital infrastructure providers, whose technological footprint can create dependencies that are not always visible in conventional analyses. This highlighted the need for policymakers to consider a broad spectrum of operational and technological vulnerabilities.

Finally, the session addressed how Europe might continue benefiting from the economic opportunities associated with foreign participation while safeguarding its critical infrastructure. Ideas emerged concerning the development of 'tripwires' or 'safety valves', which are indicators and management systems that allow authorities to detect problematic shifts or intervene before vulnerabilities accumulate. Some participants pointed to existing mechanisms, such as the regulated transfer of ownership for port companies, that already provide a degree of reporting. Although participants noted that these tools may need to be adapted or expanded to address more complex geoeconomic dynamics and provide more comprehensive oversight.

Conclusion

Altogether, the maritime domain session underlined the centrality of the domain to global, and by consequence, Belgian prosperity. Starting from this common notion, the session reflected on how the geoeconomic turn in international relations has presented policymakers with new challenges, as security has come to play a more prominent role in governing the maritime domain. The session touched on the central question of geoeconomic policy: how to balance economic opportunity with national security? Sharing insights from academia and practice, participants discussed how the question materializes in the maritime domain and were able to discern the contours of a policy response that

strikes a balance between an open maritime economy on one hand, and national security, both economic and military, on the other.

General conclusion

The main purpose of the conference was to bring policymakers and academics together on the subject of geoeconomics. As such, the conference helped to inform policymakers about recent academic insights, and provides scholars with the opportunity to learn how geoeconomics plays out in practical policymaking. Given the complicated nature of the subject, not all questions received a decisive answer during the event. The conference therefore also aimed to stimulate a dialogue that surpasses the afternoon and create a network of policymakers and academics. As such, it tried to contribute to the general goal of advancing a common understanding of how the tensions in the globalized economy affect an open economy like Belgian and how the different governments can best react to it.

The conference provided important general insights on geoeconomic mechanisms and policymaking. First, several speakers highlighted the downsides and disadvantages of specific policy instruments. Sanctions have decreased the Belgian exports to Russia, industrial policy is only effective if it is directed towards innovation, European industrial policy projects create bureaucratic hurdles, and investment screening causes legal uncertainty. The implementation or extension of policy instruments should therefore be well considered.

Second, the geoeconomic turn risks fragmentation on different levels. On a European level, there is a risk of fragmentation between member states, as they approach investment screening differently, compete with state aid, and

have different understandings of the importance of maritime connectivity. On the state level, there can be diverging interests between firms and governments. The sanctions on Russia, for example, advance geostrategic objectives but are costly to individual firms. At the same time, collaboration between governments and firms is key, for example, in the strategic employment of foreign investments or in the maritime domain. There is fragmentation between firms. Only the firms that had prior exposure to Russia bear the consequences of the sanctions, creating a divide between and within sectors. As industrial policy creates effects throughout the value chain, the customers and suppliers of a firm that has received aid also bear the consequences of industrial policy. Hence, several scholars have stressed the importance of coordination, both between EU member states and between governments and firms.

Finally, the presentations and discussions suggested a more nuanced view on the relations with partner countries. Scholars and policymakers discussed whether investments by allies can, under specific circumstances, also create a security hazard, without an ultimate conclusion. In addition, some of the research indicates that the role of China might be overstated. The country's industrial policy is not always successful and its presence in the PoAB is often overstated. The relations with partner countries therefore demand greater scrutiny.

In addition to providing insights, the conference also further revealed important fault lines and tensions in geoeconomic policymaking. By its nature, there is a tension between economic welfare and security, but it is far from the only one. There is, for example, also a tension between transparency about policies, on the one hand, and flexibility and discretion, on the other hand. In addition, there is a tension

between the European perspective and the different perspectives of the individual member states. Finally, there is often a difference between corporate interests and the national interest. Effective geoeconomic policy requires a balance between the different point of views.

More than conclusive answers, the conference raises future policy and research questions. For academia, the main question remains how the new geoeconomic dynamics will affect both the international economy and world politics. For policymaking, the key challenges will be developing adequate instruments and finding ways to evaluate their effectiveness. What is clear is that both academics and policymakers will need each other to address the challenges. The Geoeconomics Group Conference served as a first step towards closer collaboration between the two.

Acknowledgments

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About the Geoeconomics Group

The Geoeconomics Group is an informal network of researchers working in the field of geoeconomics and is managed by researchers at the Royal Military Academy. The objectives of the group are to bring scholars and researchers on geoeconomics together and to provide a platform for Belgian policymakers to obtain evidence-based insights on geoeconomic developments. More information can be found on the group's website: www.geoeconomicsgroup.be.

Appendix A - Program

13:30 **Registration**

14:00 **Welcome address**

14:10 **Opening keynote**

Prof. Dr. Cind Du Bois - Professor of Economics at the Royal Military Academy and Sciences Po Paris, counselor to the Minister of Defence

14:30 **Expert panel**

Jo Van Biesebroeck - full professor Faculty of Economics and Business and vice dean for international affairs of the Faculty of Economics and Business at KU Leuven

Anne Bonet - expert at CELIS and former director of the Interfederal foreign investment screening mechanism

Olivier Joris - Executive Manager of the EU & International Department at FEB/VBO

Moderator: Victor De Decker - Research fellow on geoeconomics and economic security at Egmont

15:30 **Thematical breakout sessions (parallel)**

Session 1: Trade

Moderator: Victor De Decker (Egmont and Ghent University)

Dr. Sjorrie Couvreur (RMA)

Dr. Dennis Essers (NBB)

Session 2: Investment

Moderator: Prof. Dr. Jo Van Biesebroeck (KU Leuven)

Floor Doppen (Antwerp University)

Nick Houttekier (RMA/VUB)

Session 3: Industrial policy

Moderator: Prof. Dr. Nikolas Vander Vennet (VUB)

Ruben De La Cruz (Ghent University)

Robin Schindowski (KU Leuven)

Dr. Pablo Muylle (Ghent University)

Session 4: Maritime domain

Moderator: Tijs ter Haar (RMA/VUB)

Magali Michiels (VUB)

Merel Jacobs (RMA/VUB)

17:00 **Networking reception**

18:00 **End**

Appendix B - Abstracts

Trade

Europe's Geoeconomic Turn in Trade: Trends and Implications - Dr. Sjørre Couvreur

This presentation offers an overview of the latest research on the European Union's geoeconomic turn in trade policy. Whereas EU trade policy was long defined by openness, rules-based engagement, and market liberalisation, recent developments point to a more strategic use of economic instruments in response to geopolitical tensions, supply-chain vulnerabilities, and the weaponisation of interdependence. The talk outlines key trends along three dimensions: instrumental, with the rapid expansion of tools aimed at resilience, coercion-proofing, and strategic control; institutional, as competences, coordination mechanisms, and decision-making processes evolve to support a more geoeconomic stance; and ethical, concerning the values, trade-offs, and legitimacy challenges that accompany this shift. I will conclude with a brief reflection on what this evolving landscape means for Belgium and how it can best protect its interests as a highly open economy.

The effect of sanctions against Russia on Belgian trade: firm-level evidence - Dr. Dennis Essers

As sanctions are believed to be a growing tool of economic statecraft in an increasingly geopolitically fragmented world, it is essential that their consequences are better understood, including any "collateral damage" for the countries imposing them. This research project studies the effect on Belgian trade of the European trade sanctions that were imposed on Russia after its full-scale invasion of Ukraine in early 2022 -- one of the largest and most wide-ranging sanction packages to date. We exploit the richness, granularity and timeliness of administrative Belgian firm-level data to sketch the profile of Belgian firms that were trading with Russia at the eve of the new sanctions wave, and to evaluate how those firms have adapted. Our results show that, even before the invasion, overall Belgian trade exposures on Russia were relatively limited, and how the remaining Belgian trade with Russia has become even more concentrated in specific sectors and firms. Preliminary estimations indicate that firms' initial trade exposures to Russia and to the sanctions

do influence their trading behaviour at the extensive and intensive margins, but have no clear effect on total firm turnover.

Investment

Balancing security and investment in the EU: Past, present & future – Floor Doppen

Intensifying geopolitical competition between the US and China has drastically changed the global economic and regulatory environment, supply chain vulnerabilities exposed during COVID-19, or the weaponization of energy supplies by Russia, have severely impacted and disrupted business operations across the globe, and the EU. The reintegration of security and power considerations in the economic policy-making domain is often associated with the adoption and expansion of geoeconomic policies such as investment screening, sanctions, and export controls. Investment screening mechanisms are pieces of legislation that governments have adopted or expanded in the past decade to assess the security implications of certain (foreign) investments. This research focusses on the political economy determinants of the institutional choices governments made when adopting investment screening mechanisms, the role public and private economic actors played, and the interplay between economic 'wants' and security 'needs'. Understanding the interplay of these different considerations has important implications for policymakers, but similarly, for analysts trying to understand policy decisions in a shifting geopolitical landscape.

Can Foreign Investors Harm National Security? – Nick Houttekier

Foreign acquisitions have become an important part of the global economy, worrying governments about their security implications. Yet, the question if foreign investors can harm national security and, if so, how and under what conditions, remains understudied. This article proposes a new theoretical framework to analyze the security aspects of acquisitions by foreign investors. The framework consists of three dimensions: the relation between the home and the host state, the nature of the acquisition, and the link between the home state and the acquired firm. We apply the framework to recent Chinese acquisitions in Belgium to illustrate its mechanics and show how it arrives at different security evaluations on different

investment cases. Overall, the analysis shows that acquisitions by foreign investors can have security consequences, but only under specific conditions. The article contributes to the understanding of the effectiveness of weaponizing interdependence, the reasons for investment screening, and the geoeconomic role of non-state actors.

Industrial policy

IPCEIs in Europe's Industrial Policy: Challenges and Opportunities for Belgium - Ruben De La Cruz

The European Union (EU), seeking strategic autonomy in a geoeconomic world, is increasingly wary of technological dependence on third states. Concerned these dependencies could be weaponized, the EU wields industrial policy to boost domestic production of strategic technologies. A flagship industrial policy tool are Important Projects of Common European Interest (IPCEIs). Through these cross-border projects, member states subsidize firms for research and development (R&D) and production of microelectronics, batteries, cloud computing, and hydrogen. Interestingly, participation in IPCEIs varies widely among EU member states. Companies in contributing countries profit from the nearly 37.6 billion EUR in IPCEI state aid, while firms in neighboring states do not—threatening fair competition in the European single market. This quest for European unity risks devolving into an intra-European subsidy race in which capitals prioritize their national champions. As a small open economy in the heart of Europe with limited fiscal firepower, Belgium and its industry faces the risk of falling behind in this race. This session explores the challenges and opportunities for Belgium and its industries, offering policy recommendations to navigate the EU's IPCEI framework and broader industrial strategy.

The Conceptual Architecture of China's Industrial Policy - Robin Schindowski

China presents a compelling case for the study of industrial policy, but its conceptual foundations remain underexplored in the academic literature. We propose a structured approach to analyzing Chinese industrial policy built around three dimensions: articulated sectoral and cross-sectoral priorities, implementation mechanisms designed to

incentivize the private sector to align with policy objectives, and institutional reforms aimed at reducing the scope of government failure. Our study reveals that Chinese industrial policy has shifted from a narrow promotion of emerging high-tech industries toward concentrating state support on technological linkages between (1) emerging high-tech industries and low-end manufacturing, and (2) emerging high-tech industries and scientific innovation. Through recent reforms of the science and technology (S&T) system, state-guided R&D has become strongly mission-oriented and more closely connected to the incubation of emerging high-tech industries. A large manufacturing base, in turn, provides demand for the technologies produced by emerging high-tech industries, while these technologies are expected to transform China's low-end manufacturing into higher-end manufacturing. The system is intended to generate mutually reinforcing cycles of scientific advancement, technology incubation, and technology absorption. To put this into practice, the government conducts institutionalized guidance along the entire chain of related activities, ranging from applied research and technology development to product demonstration, SME support schemes, production scaling, and supply-chain governance. Implementation mechanisms target research institutions, firms, and regional clusters alike. The purpose of state support is to facilitate a seamless flow of technological innovation across the linkages of the activity chain. Finally, since 2023, the government has initiated reforms aimed at creating a more predictable business environment for private firms, thereby reducing the scope for government failure.

From Support to Success? Evaluating the Firm-Level Effects of State Aid in Europe (and Belgium's Offshore Wind Sector) - Dr. Pablo Muylle

State aid, government subsidies to businesses, represents a major policy tool in Europe, with billions of euros distributed annually to support innovation, employment, and regional development. But does it actually work? Using a unique dataset linking European Commission records to financial data from over 63,000 firms across 20 EU countries, we provide the first comprehensive evaluation of state aid's impact on firm performance. Our findings challenge conventional wisdom: on average, firms

receiving state aid experience declining productivity, profitability, and output in the years following support. However, the story is more nuanced. Business-oriented aid, targeting R&D, innovation, and training, shows positive effects on productivity. Aid also works better when sufficiently large relative to firm size and when directed to manufacturing rather than services. We complement this EU-wide analysis with an in-depth examination of Belgium's offshore wind energy sector, where 45 firms received €1.04 billion in state aid between 2016-2022. Here, we observe significant heterogeneity: while, on average, we observe strong post-aid growth in value added and employment, some recipients experience decline, suggesting that firm characteristics and project implementation matter enormously.

Maritime domain

Security (Critical) Infrastructure in the North Sea - Magali Michiels

Critical Undersea Infrastructure (CUI)—including subsea cables, pipelines and offshore energy installations—forms the backbone of Europe's digital connectivity and energy security. The Nord Stream sabotage in 2022 led to a paradigm shift underscoring the vulnerability of these assets to both willful and unintentional damage. While the Baltic Sea has drawn attention due to the repeated cable incidents, the North Sea too is emerging as strategic hotspot given its dense network of offshore wind farms, interconnectors and data cables. This paper applies Bueger and Edmunds' maritime security toolbox to assess policy options for Belgium and its regional partners. It argues for a layered approach, combining strategy, informal cooperation, maritime situational awareness, operations, and capacity building. Recommendations include enhancing regional coordination through platforms like NorthSeal, investing in repair capacity, and strengthening legal frameworks for inspections and deterrence. By embedding resilience across public, private and multinational actors, North Sea states can anticipate and mitigate hybrid threats before they escalate.

Who owns the gateways? A geoeconomic perspective on diverse ownership in landlord ports. – Tijs ter Haar and Merel Jacobs

In recent years, concern over Chinese influence dominated public debate regarding foreign involvement in European ports. China's state-led economy, combined with its geopolitical aspirations, cast doubts over whether commercial and strategic objectives can be separated in the context of Chinese investments in such strategic infrastructure. This paper uses a case study of the Port of Antwerp Bruges (PoAB), one of Europe's major seaports, to argue that (1) the landlord model of port governance, entailing operational privatisation, creates geoeconomic vulnerabilities involving a variety of foreign entities beyond China, (2) that local (Belgian) and regional (EU) actors remain prevalent in the PoAB, indicating resilience to extensive foreign involvement, and (3) that foreign involvement is not uniform but concentrated in strategically relevant sectors.