



COVID-19 and European security of supply: Growing in importance

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Abstract

The COVID-19 pandemic struck the world hard in early 2020, and we are still coping with the ramifications of the ongoing crisis. The most acute concerns deal with the gloomy economic impact of the pandemic. However, the crisis has also revealed severe shortcomings in the EU's approach to the security of supply. Many member states initially found themselves dealing with the crisis alone or lacking essential medical resources. Since the early stages, it has become evident that while security of supply has so far been a matter of national decisions, the EU needs a comprehensive strategy to improve its crisis resilience. Finland has a long tradition of making a coordinated effort to ensure an adequate supply of items needed for emergencies. Thus, the Finnish model could provide the basis for a more inclusive and integrated EU-level security of supply.

Keywords

COVID-19, EU, Resilience, Security of supply, Finland

Introduction

Infectious disease was listed as one of the 10 most impactful risks in the most recent World Economic Forum Risk Report (World Economic Forum 2020). During the early days of the COVID-19 outbreak, the virus was labelled a 'black swan' event—something that comes as a surprise and has a major effect on the given system. When the pandemic reached its peak in Europe in early spring 2020, many EU member states seemed unprepared to deal with the crisis. Deficiencies in preparedness and a lack of material resources led to panic reactions in many member states in the early stages. National interest was

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placed before wider European solidarity. There were, for example, news stories about member states being unwilling to export face masks to other countries (Marlowe 2020). At the same time, countries badly devastated by the pandemic, such as Italy, felt left alone.

Since the initial shock, member states have come to each other's aid and provided, for example, nursing staff and health care equipment to those in need. Among others, France has provided face masks, Germany has sent medical equipment and supplies to Italy, Luxembourg has received intensive-care patients from France, and Czechia has donated protective equipment to Italy and Spain. Finland has also provided assistance by repatriating 10 EU citizens on flights from other parts of the world (European Commission 2020a). As early as February, EU countries began preparing for the procurement of common protective equipment through the EU's centralised procurement mechanism.

This article argues that while security of supply is mainly the responsibility of member states, an inclusive EU-level approach is necessary. The pandemic has revealed weaknesses in the common approach to managing crises that affect the Union as a whole. Security of supply needs to be viewed and treated as part of the EU's common security interest, and thus as a key instrument of the Union's resilience.

Finland has a long tradition of organising its security of supply from whole-of-nation and whole-of-government perspectives. In the future, as the EU draws lessons from the pandemic and considers ways to improve its security of supply, it should view the Finnish model as one basis option.

An unprepared Europe

There is no one universal definition of security of supply. The concept and related actions are understood differently in different states. Generally speaking, security of supply refers to the ability to maintain the basic economic, critical infrastructure and other societal functions that allow the continuation of normal life in the event of major disruption. The difficulty in finding a universal definition is also partly due to the fact that states differ in their internal and external characteristics, such as energy self-sufficiency, natural conditions, political situation, security-policy solutions and logistical connections.

Therefore, there can be no 'one-size-fits-all' approach to the problems stemming from the COVID-19 pandemic in terms of the EU member states' security of supply issues. However, the ongoing crisis has highlighted the lack of preparedness in emergency supplies among individual member states as well as the need for a common EU-level approach to preparedness. At the very least, the pandemic has taught us that there is still work to be done regarding joint EU-level preparedness and supply security.

Pandemics are by their nature challenging crises for multilateral actors such as the EU. Dealing with diseases such as COVID-19 comes under the umbrella of health policy, which, in accordance with the EU treaties, is primarily the responsibility of the member states. For example, the organising of health care or the implementation of restrictions on

public life are national decisions. When the responsibility for obtaining the required resources and imposing the necessary constraints lies with the individual member states, joint coordination is, in principle, challenging. Cooperation has also been greatly hampered by the varying pace of the effects of the crisis in the member states.

The lack of an EU-level approach to the security of supply became evident when the COVID-19 pandemic hit the continent in the spring of 2020. Although, after a slow start, the EU has excelled in providing mutual assistance, the pandemic has exposed shortcomings in joint crisis management, especially in the field of emergency supplies. These shortcomings are largely due to the fact that EU countries have not seen the need to maintain stocks of emergency supplies at sufficient levels during normal times. This deficiency of maintenance was based on the belief that the equipment and materials that are important for the functioning of society would be available on the world market even in times of crisis.

The EU's security of supply has also been undermined by the fact that many critical products are no longer produced in Europe. Security of supply refers to the capacity of a society to maintain the basic economic functions necessary to ensure the livelihoods of the population, to maintain the functioning and security of society, and to safeguard the material conditions of national defence in the event of serious disturbances and exceptional circumstances.

The coronavirus has highlighted the Union's dependence on external actors (Hackenbroich et al. 2020), such as China. Also, while many countries depend on China for supplies of masks, tests kits and other antiviral gear, India remains the world's top exporter of 'generics', such as paracetamol and the anti-malarial drug hydroxychloroquine, which is being tested as a possible treatment for COVID-19 (US National Institutes of Health 2020). The EU, on the other hand, does not have a strategy for producing essential goods to maintain supplies within the Union. In the spring, when the arrival of critical supplies came to a halt, many European states were suddenly lacking sufficient material resources to provide health care. The upcoming EU pharmaceutical strategy, which is expected to be published towards the end of 2020, seeks to reflect and learn from the experiences of the coronavirus pandemic and thus propose specific actions to secure supplies (European Commission 2020b).

Furthermore, while the EU's strategic guidelines emphasise the importance of the security of supply, the EU's current influence over the issue is rather limited, as matters associated with security of supply do not to any great extent fall within the current scope of EU legislation. At present, EU countries largely make their own national arrangements as preparedness and developing security of supply have not previously been on the EU's agenda. The exception to this is the security of supply of petroleum products, which is guided through directives: member states are required to store them in quantities equivalent to 90 days' consumption (Council of the European Union 2009). Generally, energy products have been the focus of the EU's policy regarding the security of supply and the protection of critical infrastructure (Campos 2017).

The Finnish model: a potential example for the EU

The concept of guaranteeing the supply of items needed for emergencies can be said to be imprinted in Finland's societal approach. Finland's cold climate, remote location, dependence on maritime transport, energy-intensive economic structure and long transport distances are special features that affect the security of supply objectives and the choice of means. The majority of Finland's goods, both imports and exports, pass through the Baltic Sea. In addition, the majority of Finland's external data traffic is also carried by submarine cables, making the Baltic Sea an essential supply channel for Finland's societal functions. The idea of voluntary emergency preparedness sets Finland apart from a large number of other Western European countries (Mikkola 2016).

In terms of coping with risks, the Finnish strategy is based on the assumption that preparedness is part of common day-to-day operations. Finnish security of supply stems from cooperation between the public sector, business and civil organisations, through which market-based and regulatory-based preparedness are coordinated. Companies usually prepare without a legal obligation, on a contractual basis and from their own business starting points. The pillars and methods of cooperation are built into processes during normal times. It is undesirable that during a disruption, management relationships or responsibilities would be unclear or undergo changes. Thus a special feature and strength of Finland's system is securing these vital functions through the efficient and comprehensive use of the resources of society as a whole. Security of supply in Finland is organised through a comprehensive cooperation network involving government, industry associations and companies that are critical to the functioning of society.

For certain critical infrastructure however, legislation also imposes contingency planning obligations on economic operators. This is to ensure that the necessary resources, processes and functions are available for both the operation of the company and the vital functions of society, even in the event of disturbances. For example, importers of crude oil and petroleum products are obliged to store an amount equal to the two-month average of imports, while in the wider network telecommunications operators are obliged to maintain the mass communications network in such a condition that it can transmit emergency announcements. In addition, economic operators participate on a voluntary basis in the organisation of the security of supply and pool activities. Non-governmental organisations are also involved in preparedness activities, especially at regional and local levels (Aaltola et al. 2016).

However, the fact that preparedness must be implemented cross-administratively can also be challenging. No authority is solely responsible for Finland's security of supply. The decentralisation of operations as well as the division of production into networks shows the need for common objectives. In the case of Finland, the Security of Supply Centre (NESA) is the guiding actor in preparedness. It is an administrative department of the Ministry of Employment and the Economy and is responsible for planning and operational activities related to maintaining and developing Finland's security of supply. NESA's main tasks can be divided into four objectives: 1) to coordinate preparedness

cooperation between businesses and public administration, 2) to manage national emergency stockpiles, 3) to ensure the functioning of the necessary technical systems and security of the production of critical goods and services, and 4) to follow international developments and guidelines, as well as keeping in touch with foreign authorities and institutions.

Finland is one of the member states that has strongly supported the deepening of the Union's Common Foreign and Security Policy in recent years. While the pandemic has put pressure on Finland's national security of supply, it has also offered an opportunity to promote the issue within the Union. Although serious shortcomings in Finland's own security of supply were also revealed in the midst of the crisis, cooperation between the Finnish authorities with the aim of achieving total security has been some of the most developed in Europe (Mikkola 2020). It has also received positive attention in the international media during the crisis. When the pandemic struck Europe in early spring, Finland had a stockpile not only of medical supplies, but also of oil, grain, agricultural tools and raw materials. The purpose of these stockpiles was to secure the livelihoods and economic activity of the population.

Security of supply relies on a functioning market and a competitive economy, but these may not always be enough to sustain the basic economic and technical functions of society in various exceptional circumstances. Despite strong international dependencies, the goal of ensuring security of supply is that most of the most serious exceptional circumstances can be addressed by national measures.

Conclusion

Since no EU member state has been able to deal with the ramifications of the crisis by itself, what can and should be done jointly eventually becomes the main issue. The solution should be approached from national and EU-level perspectives.

On a national level, Finland provides a good framework example of emergency supply and preparedness. Finland has a legal basis to maintain emergency stockpiles of goods and a framework for coordination between the relevant state and private-sector actors. The EU should consider more effective directives on ensuring security of supply in emergencies as well as forming political structures to guide and ensure the execution of these objectives. Despite Finland having a relatively good basis for the supply of emergency equipment, the pandemic was a serious wake-up call for better common preparedness. In the case of Finland, domestic stocks alone are not enough to ensure the maintenance of vital functions of society in a long-lasting crisis. The purpose of national preparedness is, above all, to give Finland additional time in the event of a disruption or crisis to ensure that the necessary international connections and alternative delivery routes can be made operational (Mikkola 2020).

From a wider EU-level perspective, it is clear that one of the consequences of the pandemic is the expansion of the EU's common security policy, as both health security

and security of supply are becoming important themes and will play a more important role in the Union's pursuit of strategic autonomy. The first steps have already been taken. EU High Representative Josep Borrell has proposed the creation of a common European security of supply pool. According to Borrell, this would make more sense than each member state maintaining its own national security stockpile as is the case currently (Euronews 2020).

Proposals have also been made to increase the EU's self-sufficiency. However, the Union must not strive for full self-sufficiency, as this would undermine the functioning of the world market, which in turn would slow down recovery from the pandemic, both for the Union and the rest of the world. If major players were to pursue full self-sufficiency, this could result in a rapid rise in protectionism at the international level.

Few member states will be prepared to base their security of supply on the common EU stockpile proposed by Borrell, but supporting national stocks with a common EU supply could be a potential development. An indicative model could be the EU Civilian Operations Repository in Sweden, established in 2018 and maintained by the country's Civil Contingencies Agency. It stores, *inter alia*, vehicles, IT and communications equipment, and defence and health equipment used by EU civilian operations.

If the idea of an EU-level security of supply stockpile gains popularity among political decision-makers, its implementation could also be considered in the framework of the Permanent Structured Cooperation (PESCO) launched in 2017. This would raise the level of ambition of the project, as the EU countries belonging to PESCO have committed themselves to complying with a total of 20 binding criteria. PESCO already includes one security of supply project, which is a German-led central logistics network that aims to improve the availability of supplies for military operations and increase the joint storage of equipment used by them (Nováky and Vanhanen 2020).

If nothing else, at least the importance of security of supply should be identified in the EU's upcoming debates and discussions on strategic autonomy and crisis capabilities. The strategic debate within the EU has intensified in recent years, regardless of the pandemic. Related to this and as part of the German EU Presidency, the Union is about to launch a new strategic compass for foreign and security policy (which will extend into France's Presidency in 2022), and more broadly, a Conference on the Future of Europe will take place this year. Security of supply is also a matter of resilience, a concept that is gaining increasing attention within the EU. The new Security Union Strategy underlines the importance of supply-chain resilience; strengthening security of supply means strengthening the existing EU priorities on resilience.

The platforms mentioned above provide an opportunity to discuss strategic initiatives that should include security of supply as it is directly linked to the EU's ability to act in a joint fashion. It would be hugely in the interests of the EU to have a better capacity to assist its member states in the future in the event of a possible crisis.

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