



Robyn Klingler-Vidra

Ramon Pacheco Pardo

May 28th, 2025

Startups and national security – lessons from Northeast Asia for Europe

Japan, South Korea and Taiwan have positioned startups not only as engines of economic growth but as key pillars of national security. Robyn Klingler-Vidra and Ramon Pacheco Pardo argue this approach offers valuable lessons for Europe.



*Robyn Klingler-Vidra will be speaking at an LSE event on 17 June titled **Tech and the future of the world economy** as part of the **LSE Festival 2025**.*

In an era of rising geopolitical tension, economic security has become a strategic imperative. Across Europe, policymakers are grappling with how to reduce dependencies on unreliable partners, secure supply chains in critical technologies – from semiconductors to energy to biotech – and use industrial policy to boost economic competitiveness and innovation.

There are limits on Europe's explicit funding of military applications, likely stemming from concerns about liberal norms and (relatedly) not wanting to hasten tit-for-tat military build-ups elsewhere. The question becomes: how to maintain European values *and* security?

Rather than China or the US as *the* models to follow, we suggest Europe look to Northeast Asia, where Japan, South Korea and Taiwan have positioned startups not merely as engines of job creation, economic growth and innovation but as pillars of national security alongside national champion firms. Their approaches offer valuable lessons for Europe.

Startups to inject “innovative DNA”

One striking feature of the Northeast Asian model is the integration of startups into open innovation ecosystems anchored by large firms. Japan, South Korea and Taiwan are often associated with powerhouse firms, like Hyundai, Toyota and TSMC, to name just a few.

This layer of industrial strength benefits from a dynamic and increasingly institutionalised view of startups as a source of economic resilience for these lead firms and for the country. Industrial giants collaborate directly with startups through government-organised initiatives and spaces. Initiatives like Japan’s **J-Startup** programme, South Korea’s **Centres for Creative Economy & Innovation** and Taiwan’s Tech Arena embed startup support into the fabric of national innovation capabilities. These programmes have endured leadership changes, demonstrating that support for startups has become a bipartisan, long-term national priority.

This is not the “disruption” narrative of Silicon Valley, where startups are often portrayed as challengers to incumbents. Instead, startups complement the industrial base of big business by injecting agility, novel ideas and emerging technologies into mature sectors. From a security lens, this bolsters national manufacturing capabilities, like **next generation shipyards**, that have obvious supply chain autonomy benefits.

Europe’s siloes rather than a whole of system approach

Europe, by contrast, still too often treats startups as peripheral to core economic and security concerns. European innovation funding mechanisms such as Horizon Europe or the European Innovation Council have rarely been tied directly to security goals such as technological sovereignty or systemic risk mitigation.

The European Investment Bank has lifted some limitations on investment in security and defence, and has even raised defence as a **core strategic priority**, but it still does not finance weapons or ammunition. In the era of economic security and industrial policy, this approach puts Europe at a disadvantage compared to its peers in North America or Northeast Asia.

A crucial difference from Northeast Asia stems from the fact that EU efforts tend to engage large firms and startups through different programmes. As it stands, the nascent funding for dual-use startups **by the European Innovation Council and the TechEU Scale-up Fund** targets startups separately from leading firms. This misses the “whole of system” approach that Northeast Asia pursues. We contend that Europe should consider how its investment in dual-use startups, announced in the March 2025 defence spending package, can involve (and benefit) its own industrial heavyweights, like Airbus, Bosch, Renault and Siemens.

Ukraine's drone innovation offers an important counter point. The scrappy, adaptable approach to drone technology by hundreds of manufacturers has been lauded as the country's "**strategic edge**" and is central to its warfare capabilities. Inputs and insights are drawn across many firms, rather than through siloed project funding mechanisms emanating from Brussels.

Embracing startups in a dual-use mentality

In Northeast Asia, the social purpose of startups – from a governmental perspective – has long been both to deliver on domestic and external aims. To boost job creation, innovation prowess and economic growth as well as national security. As such, **startups are embedded in the national security infrastructure**. Startups are dual-use in that they contribute to the economy and society *as well as* at the explicit Realpolitik level.

The notion that innovative startups contribute to national security is an idea that is long entrenched in the United States. The **origins of Silicon Valley** stem from the WWI imperative of developing radar and other technologies. Today, Silicon Valley's big firms, venture capitalists and the government are again fuelling a boom in **defence tech** and **American dynamism**.

If Europe wants strategic autonomy and to maintain its ability to respond effectively to global disruptions, it must likewise view startups not as a niche economic category that is about job creation, dynamism and self-actualisation, but as central to safeguarding its future and as part of its wider economy.

Japan, South Korea and Taiwan offer a blueprint for how democracies can integrate startups into their economic security strategies. They show that strong government coordination and open innovation with large firms can boost national resilience. For Europe, the question is not whether to follow this model, but how quickly it can adapt and implement it. To get there, Europe needs an explicit economic security agenda that includes startups *and* lead firms.

*For more information, see the authors' accompanying book, **Startup Capitalism: New Approaches to Innovation Strategies in East Asia** (Cornell University Press, 2025). Robyn Klingler-Vidra will be speaking at an **LSE Festival** event on 17 June 2025 titled **Tech and the future of the world economy**.*

*Note: This article gives the views of the authors, not the position of EUOPP – European Politics and Policy or the London School of Economics. Featured image credit: **Flying Camera** / **Shutterstock.com***

About the author

Robyn Klingler-Vidra

Robyn Klingler-Vidra is a Reader in Political Economy and Entrepreneurship at King's Business School. She is the author of *Startup Capitalism: New Approaches to Innovation Strategies in East Asia* (Cornell University Press, 2025, with Ramon Pacheco Pardo) and *The Venture Capital State: The Silicon Valley Model in East Asia* (Cornell University Press, 2018).

Ramon Pacheco Pardo

Ramon Pacheco Pardo is a Professor of International Relations at King's College London and the KF-VUB Korea Chair at the Brussels School of Governance of Vrije Universiteit Brussel. He is the author of *Startup Capitalism: New Approaches to Innovation Strategies in East Asia* (Cornell University Press, 2025, with Robyn Klingler-Vidra) and *South Korea's Grand Strategy: Making Its Own Destiny* (Columbia University Press, 2023).

Posted In: EU Foreign Affairs | Politics



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

© LSE 2025