2.3. Ensuring the national economic security of Ukraine in the context of major global transformations

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Abstract. *The third section of this chapter is devoted to the justification of scientific and practical approaches to ensuring the security of national economies in*

the context of deepening global transformations based on the analysis of the current global economic security landscape. This involves defining the factors, conditions, and patterns that will determine the configuration of national security systems and that must be taken into account when implementing countries' economic security policies.

Challenges and risks for the national economic security of countries, and Ukraine in particular, caused by the influence of current transformations of the global environment are identified. The contradictions of the current global economic security landscape, which determine the evolution of approaches to economic security policy development, are highlighted, namely: the relationship between national security and an open economy, the opposition of a unilateral approach to multilateralism, and the need to take into account China's strategy.

Recommendations for improving the quality characteristics of national security systems, considering their growing dependence on global conditions, are justified based on the identification of the components of the economic security system, structural and qualitative requirements for it, and factors of the global positioning of countries that influence security policy. The need for increased flexibility of the national policy of ensuring economic security as an important requirement for the security system are highlighted, given rapid changes in the security environment and the appearance of new security challenges and threats. Based on a comparison of the top 10 global risks that will have the greatest impact on countries' national security in the next 2 and 10 years, a conclusion is drawn towards a significant difference in the impact of risks in the short and long terms, as well as the appearance of new security risks. Taking into consideration the growing influence of global transformations on countries' security systems, the importance of international cooperation in solving problems of ensuring economic security is indicated, and recommendations on the development of regional security complexes are provided.

Keywords: *economic security, global transformations, security risks, national*

security system, security policy, regional security complexes.

Introduction

The experience of security systems' functioning in different countries and regions of the world demonstrates the increasing importance of "soft" security parameters, including economic security. In particular, within the framework of the functioning of regional security complexes, a gradual expansion of the functionality of international institutions in the field of ensuring the security of national and regional economies is noted. Alongside this, the security focus of countries' national policies is still largely concentrated around the "hard" components of security, and the systems for ensuring economic security are in the initial stages of formation in many countries.

In general, economic security issues, as a rule, become actualized either: after economic crises, which are either regional or global in scale and which cause the imbalance of national economies; because of the appearance of new challenges for the global economy; or due to the exacerbation of contradictions between actors. Thus, the increasing relevance of the security agenda in 2018–2019 was a consequence of the trade war between the United States and China, as the world's largest economies, and the corresponding increase in tension in global trade. In 2020–2021, a new challenge for global economic security was posed by the COVID-19 pandemic. Since 2022, the full-scale war unleashed by the Russian Federation against Ukraine has exacerbated risks not only for regional security (in particular, in terms of the migration crisis and energy security), but also for the global economy (in particular, in terms of the food crisis). Thus, studies devoted to ensuring the security of national economies in terms of the impact of global transformations are becoming increasingly important.

This study is aimed at the justification of scientific and practical approaches to ensuring the security of national economies, Ukraine in particular, in the context

of deepening global transformations.

To achieve the purpose of the paper, the following research objectives are outlined: to analyze the current landscape of global economic security; to define factors, conditions, and patterns that will determine the configuration of national security systems and that have to be taken into account when implementing countries' policies of ensuring economic security; and to provide recommendations towards improving the quality of national security systems, Ukraine's in particular, considering their growing dependence on the global environment.

To meet these objectives, general and specific research methods are used, including: historical and logical methods, methods of analysis and synthesis, and structural and functional analysis (to study the current landscape of global economic security, to define global risks which have the greatest impact on national security, and to assess the evolution of economic globalization processes, respectively); the methods of generalization and abstraction; and a systematic approach (to identify components and factors determining the configuration of the national economic security system, to justify the importance of international cooperation in solving problems of ensuring economic security, and to develop recommendations on the development of regional security complexes).

The analysis of relevant studies devoted to issues of ensuring economic security in the global environment demonstrates that they are mainly focused on the individual components of national economic security, i.e., risks and threats to the security of national economies. In particular, researchers investigate individual measures to ensure specific components of national economic security (Benson et al., 2023; Kratz et al., 2022), along with identifying challenges to national (Ghiretti, 2023) and regional security (Parakhonskyi et al., 2014).

Recently, growing research interest has been observed in the field of proving the advisability of international mechanisms of ensuring economic security. A number of authors consider the current state of regional and global security and

provide a justification of the global approach towards ensuring economic security (Beal, 2022; Lishchynskyi & Lyzun, 2020; Syrotiuk et al., 2024).

Despite a number of studies on this issue, the possibilities of improving the configuration of the national system of economic security, taking into account the current security landscape alongside global and regional challenges to countries' secure economic development, still require further justification.

Results

In recent years, there has been some progress in recognizing the importance of the economic component of national security. This, first of all, is manifested in building institutional and normative grounds for ensuring the security of the national economy, i.e., the establishment of specialized state bodies, the adoption of legislative documents, and the development of relevant strategic plans. Thus, the position of Minister of Economic Security has been introduced in the Japanese government, and a legislative act on economic security is in the process of being adopted. In 2021, Ukraine adopted the Strategy of Economic Security of Ukraine for the period until 2025 (President of Ukraine, 2021a). Since the same year, the Economic Security Bureau has been operating in the country, the mission of which is to ensure a safe direction for the economy of Ukraine (the invulnerability of the national economy to external and internal threats) through the identification of probable risk zones in the economy, which lead to its shadowing, with the aim of their leveling and countermeasures offenses affecting the functioning of the national economy.

In addition to security bodies, countries create narrow-profile institutions (both internal and international), the functionality of which is aimed at facilitating support for the components of security. In Australia, to minimize vulnerabilities in supply chains, the Government has incorporated the Office of Supply Chain Resilience; moreover, in partnership with India and Japan, the country joined the regional Supply Chain Sustainability Initiative, which takes care of the

joint solution of relevant problematic issues that may negatively affect the economic security of these states.

The experience of security policy implementation by leading countries shows that the main factors in the development of appropriate security strategies are national security interests related to the country's competitive advantages in certain sectors of global trade, the security of investments (in particular, foreign), and the provision of supply chains. Economic security has come to the forefront of policy discussions around the world as a series of crises – most recently the COVID-19 pandemic and the full-scale war in Ukraine – have disrupted global supply chains. Governments around the world are looking for ways to make their countries less vulnerable to such disruptions, especially now that rising geopolitical tensions are adding new uncertainties. Uncertainty and nationalism increasingly define the global economic agenda. Recent global shocks – from pandemic supply chain challenges to the war in Ukraine, the rise of nationalism, and authoritarian governments – have put security and sustainability at the center of economic security policies around the world. If advanced economies such as the USA, European countries, and Japan once saw China's competitiveness as an economic opportunity, now they see it as a security threat. The risks associated with certain economic relations are spreading rapidly in the current geopolitical and technological environment, and are increasingly merging with security concerns. This is why countries must develop a comprehensive approach to jointly identify, assess, and manage risks for their economic security.

In countries' economic security strategies in the near future, in particular in the EU, the following risks related to the current global transformations should be taken into account:

- risks to the sustainability of supply chains, including energy security;
- risks for the physical and cyber security of critical infrastructure;
- risks related to technology security and technology outflow;

– risks of using economic dependence or economic coercion as a weapon.

China's intensive subsidization of its enterprises, active industrial policy, strategic use of foreign policy to achieve economic goals, and the transformation of economic relations into weapons to put pressure on third countries all combine to stimulate the expansion of economic security measures and their implementation into security strategies. Such a policy includes the inspection of investments (if necessary, blocking investments that pose a threat to security) and strengthening export control (to control the export of goods and services for dual civilian and military purposes) (Ghiretti, 2023).

Countries are adopting ever-larger and more sophisticated toolkits to protect their security and strategic assets and to diversify their supply chains, ensuring that they are not exposed to security risks and that their economies are resilient to shocks and threats from third countries. Countries have unilaterally implemented a wide range of instruments with different functions and effects. Just 5 years ago, unilateral economic security measures were far fewer and weaker.

The evolution of economic security policy development is based on three main contradictions. The unilateral policy of economic security is gaining momentum all over the world and its scope is expanding, in some cases ignoring the multilateral system and its international institutions. The future of a global system based on national rules – in which priority is given to an extended interpretation of national security and stability, rather than global economic benefits, at the expense of ad hoc cooperation and coordination in areas of common interest to individual countries – leads to significant disagreements. Current debates about economic security policies, such as outgoing investment screening, export controls, and supply chain sustainability, arise from three main contradictions. The first is the need to balance the protection of national security with the desire to maintain an open economy. The second contradiction arises in the contrast between unilateral and multilateral policy-making. The third is related to the

approach to China, in which geopolitical differences as a feature of the current global economic security landscape matter significantly (Fig. 1).

1. National security versus an open economy

Many countries feel a certain incoherence between the tasks of ensuring an appropriate level of economic security and simultaneously maintaining sufficient openness of the national economy. Japan is fully aware of the tension between protecting its assets and supply chains from vulnerability (through patent protection and strengthening basic infrastructure) while at the same time wanting to remain an active participant in a liberalized trading system. Similarly, the US emphasizes its willingness to work with partners to strengthen and diversify the entire supply chain ecosystem in the long term, while making clear that self-defense against China's threats is central to its economic security policy of supply chain resilience and strengthening trade regulatory measures against perceived unfair foreign trade practices.

Although national security is a common denominator in the development of economic security policy and strategy, the interpretation of the term by governments and the scope of its application vary widely. Politicians are increasingly leaning toward a concept of national security that includes resilience. The proliferation of dual-use technologies is one of the challenges that force countries to expand their concepts of national security. China, for example, pursues a policy of merging civil and military technologies that blurs the line between the two. China also uses its economic power to influence the decisions and behaviors of other actors. This, in turn, has encouraged other countries to consider sustainability a national security priority in order to make their economies as resilient as possible to external challenges and risks and to include sustainability issues in their economic security strategies. However, economic security is in the area of foreign economic policy, which does not have internal institutional support in most countries. This is why the priority of economic security should be reflected,

first of all, in the country's institutional environment.

2. A unilateral versus a multilateral approach

The logic of stability and the need to be less dependent on the Chinese market caused a new wave of unilateral economic security measures and industrial policies in countries around the world. However, if the focus is solely on the advantages for the domestic market, without consulting partners, then these measures can cause harm. Recent examples of the consequences of unsettled unilateral measures include new US semiconductor export controls and the Inflation Reduction Act, which have created significant challenges for EU partners. The Inflation Reduction Act, for example, encourages European companies to relocate operations to the USA. The EU and the USA are trying to solve these problems, but their existence demonstrates how uncoordinated policies can have wide-ranging unintended consequences for partners. Currently, coordination can take place in exclusive formats such as the G7 or the Trade and Technology Council; conversely, a multilateral economic security framework could offer a platform not only for coordinating initiatives and responses, but also for introducing a new concept of collective economic security.

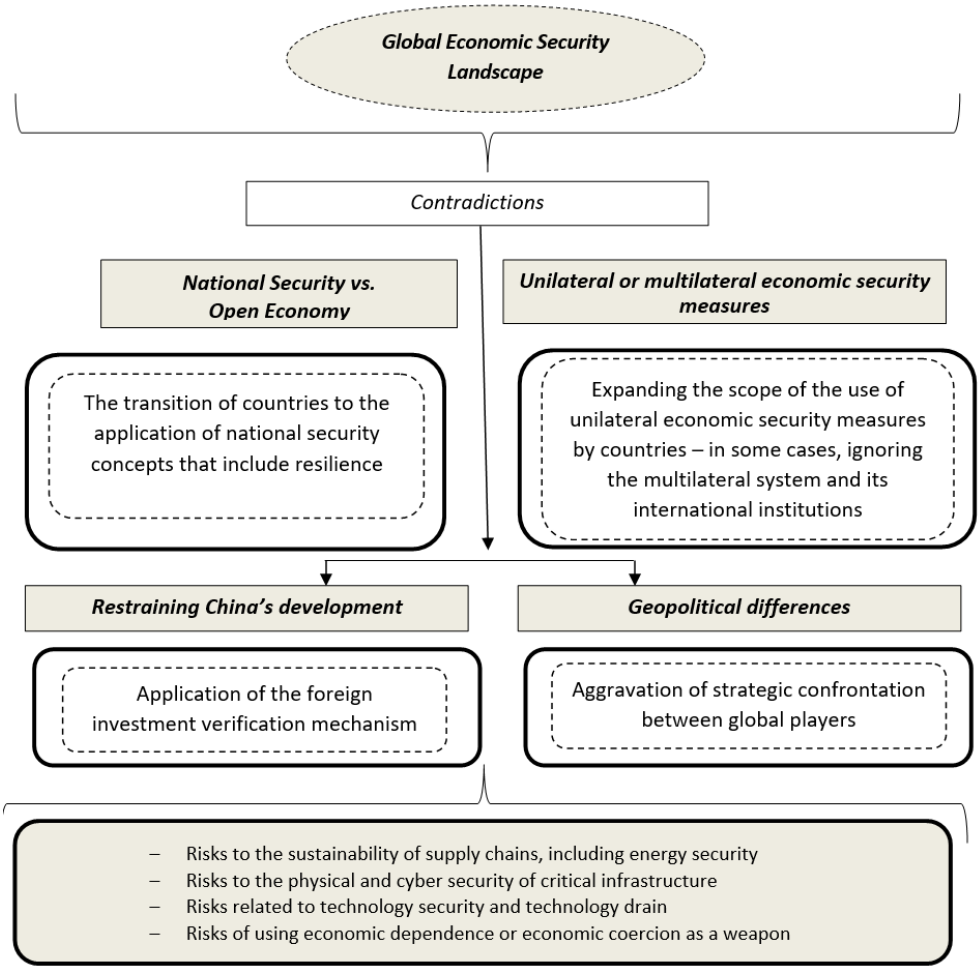


Figure 1. The main contradictions of the current global economic security landscape

Source: developed by the authors

3. The consideration of China's strategy

For all countries, the issue of economic security is only indirectly related to China officially – it concerns China only if the latter acts in violation of their policies. However, the USA is creating economic security rules that reflect its China strategy and directly target China. The new US export controls on semiconductors aimed at exporting products, services, knowledge, and labor to China are a prime example of an approach to economic security based on the desire to

surpass China and contain its development. The difference in these approaches can partly be explained by differences in the official approaches of state governments to China. In its latest national security strategy, the US officially recognized China as a national security threat. Other countries follow the official position that China is not seen as a threat to national security.

Another option for a new vision of economic security policies and strategies, which requires a structural rethinking of the rules of globalization, is the discussion of the verification of foreign investments. Foreign direct investment verification provides a positive basis for discussing these contradictions. Largely in response to China's perceived predatory investment model, most advanced economies are now weeding out foreign investment, albeit with wide variations in regimes. However, no country officially verifies foreign investments – for example, European firms investing in China. Since the mid-2010s, foreign investment screening mechanisms have grown in number and scope and are now increasingly the norm, but this has taken many years and significant effort.

It should also be noted that the verification of foreign investments faces additional obstacles. Small restrictions are already in place in Japan and South Korea. These are remnants of the economic system that existed before countries began to open up their economies, which is why today they cover rather limited areas – foreign banks, weapons production, and drugs.

The US government, on the other hand, is proposing new restrictions aimed at previously unrestricted capital outflows to countries such as China, Iran, and North Korea. The European Commission reviewed this policy in 2023 and revised the foreign direct investment screening rules. Thus, while the end result may seem identical, the "verification systems" in Japan and South Korea, the system proposed by the US, and the model on the EU agenda are the results of two opposite processes and incentives.

It should be noted that the economic openness of Japan and South Korea has

been influenced by new considerations about economic security, and these countries are also now weighing the possibility and feasibility of screening foreign investment before adopting new economic security policies. In 2020, South Korea revised the Act on Prevention of Divulgence and Protection of Industrial Technology (UNCTAD, 2020), which regulates not only foreign mergers and acquisitions of domestic basic technologies, but also the export of basic technologies that have received government support at the R&D stage. Japan passed the Economic Security Promotion Act to protect supply chains for its economy and protect domestic innovation.

The National Critical Capabilities Defense Act (2021), proposed by US lawmakers, aims to protect US technological know-how and prevent Chinese technology from being supported by US capital and knowledge. With its latest export control measures, the US has made it clear that it is not shying away from anti-China regulations. As for the EU, it will continue to choose non-country-specific (country-independent) policies, including any future foreign investment screening mechanism (Benson et al., 2023). The screening of foreign investment should focus on sensitive technologies and strategic sectors. Without a specific geographic target, the EU's investment screening efforts will be more time-consuming and capital-intensive, as any destination country could theoretically be screened. Thus, the EU should first narrow the focus to only direct investment and target it to specific sectors and/or goods. A Rhodium Group report (Kratz et al., 2022) showed that large European foreign investments in China are concentrated in certain sectors, such as automobile, food processing and distribution, pharmaceuticals and biotechnology, and the chemical industry. The primary goal is to focus on the quality and quantity of investments. Analysis should include both large investments and small investments in sensitive technologies and strategic industries, which can help the EU to perceive a clearer picture of what is happening. Eventually, the EU can take a balanced decision on whether such a

new instrument is needed and what it should look like. Despite differences in purpose, it is advisable for countries to coordinate their actions with other partners to avoid the undesirable consequences of unilaterally adopting uncoordinated foreign investment screening policies.

Some European foreign investments may pose a risk to EU security. This is why the emphasis should be divided between national security as it is and stability. For example, EU investment in China's automobile sector may not pose a direct security threat (Sebastian, 2022), but at a time when the EU is trying to better manage overdependence, this investment could increase the EU's dependence on China, which is known to use economic coercion. Although this does not apply to all sectors and may not pose an immediate security threat, over-reliance limits the EU's room for maneuver.

In this regard, the discussion on foreign investment can help to shape the EU's economic security framework, which places more emphasis on sustainability and allows for choices, minimizing constraints in the event of disruptions. This approach will be based on longer-term issues of open strategic autonomy rather than immediate security considerations, and should become a basis for all EU economic security policy.

However, it is important to understand that much of the over-dependence of European companies on China cannot be mitigated by foreign investment screening, which covers only a very limited proportion of Chinese companies. Many, though not all, of the new restrictions adopted by the US, EU, UK, Australia, Japan, and South Korea are in response to China's expanding global presence, its perceived unfair economic competitiveness, and its use of economic coercion at various levels.

The amount of attention paid to economic security in China has also been growing rapidly in recent years. Economic security is the cornerstone of China's comprehensive concept of national security (Drinhausen & Legarda, 2022), and

national security is perceived as the basis of China's economic development. China's new measures to ensure economic security are closely related to its relations at the international level, especially with the United States. However, they are the result of China's efforts to strengthen the regulatory framework. For example, China adopted the Foreign Sanctions Act in 2021 to protect itself from potential US primary and secondary sanctions and to provide legal justification for existing practices. If China continues to develop restrictive measures, including weighing-in on US actions, it is likely to adjust its own foreign investment screening tool in response to the adoption of US outbound investment screening. Party and state leader Xi Jinping has called foreign investment a matter of national security. As Beijing tries to stimulate domestic innovation and domestic technology production, and the US clearly targets Chinese innovation in its policies, one can expect new restrictive measures.

In 2018, China introduced a form of foreign investment screening mechanism – the Administrative Measures for Enterprise Overseas Investment. This is currently limited to countries that do not have diplomatic relations with China, that are experiencing internal turmoil, or that have been affected by sanctions imposed by China. Deals worth less than $300 million are tax-exempt, but so are foreign subsidies to Chinese companies. Measures also apply to sensitive industries (including the military industry, communications, media, real estate, energy, and illegal industries such as pornography). The wording of the regulation leaves room for its future expansion – for example, for its application in other sectors and countries.

4. Geopolitical disagreements

Over the past 10 years or so, economic fortunes have favored northern Europe. The Scandinavian countries, as well as Germany, Poland, and even the UK, can boast of decent growth and employment. In contrast, the South was shaken first by the euro crisis of 2010–2012 and the subsequent painful adjustment, and

then by the COVID-19 pandemic, which hit tourism-dependent economies more strongly than others (Piddubnyi, 2023).

At the same time, it should be noted that the growth of the Eurozone GDP in 2023 by only 0.8% highlighted the problems of European leaders, in particular Germany and France. This was related to both the difficult refusal of Russian energy carriers and close trade ties with China, which also found itself in a crisis situation.

The political crisis, constant changes in government, the unfavorable situation in global markets, and other factors led to the fact that the UK GDP grew by only 0.6% in 2023 (in 2022, it grew by 3.9%).

The margin of safety for the USA after the 2020 crisis turned out to be stronger than that of other Western countries. In 2023, US GDP grew by around 2.4%, although this is far from the levels of the indicators of economic recovery in previous years. The current government managed to overcome 40-year-high inflation, but the citizens of the US are still dissatisfied with the rapid increase in prices. The situation for the population is worsened by regular rate raising by the Federal Reserve System, which makes credit funds more expensive. According to the results of various polls, only around 35% of Americans approve of the current economic policy. GDP growth in 2024 is forecast at the level of 2%–2.3%.

China has stopped setting fantasy goals for economic growth in the range of 8%–10% of GDP. Instead, the Chinese government expects a more realistic 5%, although the veracity of Chinese statistics is always questionable. During 2022–2023, a number of economic commentators began to make predictions about a crisis in China that could run so deep that it would drag the rest of the world down with it. This disaster has not yet occurred, but Beijing has faced obvious problems: an aging population, falling birth rates, declining labor productivity, etc. To restore growth rates, business needs to be given more freedom, but in 2024, the Chinese Communist government will not be ready for this.

In 2024, the economy of the aggressor country will continue a large-scale military transition: defense costs will increase by 70% to the level of 6% of GDP. Despite sanctions, the country receives enough income from the sale of energy, which allows it to finance the war and maintain a satisfactory level of well-being for its citizens. According to various estimates, the war costs Putin approximately $100 billion per year – it is difficult to maintain this level of spending for a long time, while simultaneously mobilizing hundreds of thousands of able-bodied citizens. A country with an unhealthy demographic situation, rampant corruption, and under the influence of harsh sanctions will not be able to exist for a long time without visible economic troubles. Russia's GDP growth in 2023 was 1.2%, but the structure of investments has already radically changed in the direction of the military industry.

Therefore, one can note the following main factors of influence on global geopolitical disagreements:

- Geopolitical processes. The Russian-Ukrainian war, escalation in the Middle East, piracy in the Red Sea, etc., will cause global supply chains to change.
- The change of political elites. In 2024, more than 70 elections will be held in countries with a total population of 4.2 billion people. In particular, changes of power in the USA and the EU can significantly affect the economic policy of the world's most influential players.
- The change in the energy map of the world.
- The formation of a bipolar world will put before a number of countries the issue of joining one of the centers of power. Analysts believe that India, Brazil, Turkey, and Saudi Arabia will continue to avoid an unequivocal choice, having the aim – as long as possible – of benefitting from cooperation with both sides and increasing their weight in the world. However, India's rapprochement with the US is considered inevitable against China's likely continuation of slowly distancing from Moscow's aggression. This will only proceed within certain limits due to Beijing's perception of the threat from

> the AUKUS block. The probability of a Chinese attack on Taiwan is small, as well as the entry of Belarus into full-scale hostilities with Ukraine. China will seek to expand support in the Global South by promoting the expansion of the BRICS informal platform. Almost half of the world's population will go to the polls this year – presidents and parliaments will be elected in more than 50 countries. Presidents will be elected in the USA, and have already been appointed in Russia. The 27 countries of the EU will elect a new European Parliament. In parallel, presidential or parliamentary elections will be held in some EU countries – Austria, Belgium, Lithuania, Slovakia, Portugal, Romania, Croatia, and Finland. Elections will also be held in India, Indonesia, Mexico, and South Korea. Russia's allies will reassign power in Iran.

For Russia, elections in other countries are an avenue for global external aggression, a way to sow chaos, inflame conflicts within countries, and use democratic tools, in particular freedom of media and speech, to bring about war by political methods. The threat of famine in poor countries has decreased thanks to exports from Ukraine and the weakening of the Russian Black Sea Fleet, which is no longer capable of completely blocking ports. However, the level of supply on the market is still insufficient, and the rise in food and fertilizer prices will shake the situation in certain regions, in particular in the Middle East and Africa. In West Africa, one should expect new attempts at military coups in the zone of former French influence.

The main factor of global attention will remain the Russia-Ukraine war. Its results will also influence China's decision on the Taiwan question and its attempts to resolve it militarily. A third theater of hostilities as part of the global confrontation is being activated in the Middle East and Africa. There will be further aggravation of the strategic confrontation between global players. At the economic level, while recovery is possible in certain industries and regions, the global system will continue to be in crisis (Syrotiuk et al., 2024).

Thus, the global economic security landscape is becoming increasingly complex and is being supplemented by new economic security measures – in particular, those introduced by developing countries to protect national security and stability. The changing environment represents the responses of countries to the challenges and threats of the external environment, which are exacerbated by geopolitical disagreements, changes in supply chains, climate change, and the intensification of crises, in particular in the energy sector. Today, the following main contradictions shape the economic security agenda around the world: the balance between security and the economy; protecting and strengthening internal economic security while avoiding unintended external effects; the approach to the China issue; and geopolitical differences.

Obviously, the degree and nature of the impact of global transformations on the security environments of countries is differentiated. This is determined, first of all, by the general level of the country's inclusion in globalization processes. Experts of the Swiss Economic Institute at the Federal University of Technology in Zurich calculate the Globalization Index, providing a quantitative assessment of the level of globalization of the global, regional, and individual national economies, and carry out appropriate measurements in terms of the economic, political, and social components of globalization processes (KOF Swiss Economic Institute, 2021). In turn, economic globalization is evaluated according to two components of globalization – trade and finance.

By the mid-1980s, the economic globalization of the world lagged behind the general level of globalization, taking into account the economic, political, and social components. In 1974, these two indices of globalization practically leveled off, after which the faster deepening of the globalization of the economy was observed. From that time until today, the level of economic globalization has exceeded the general level of globalization of the world (Fig. 2).

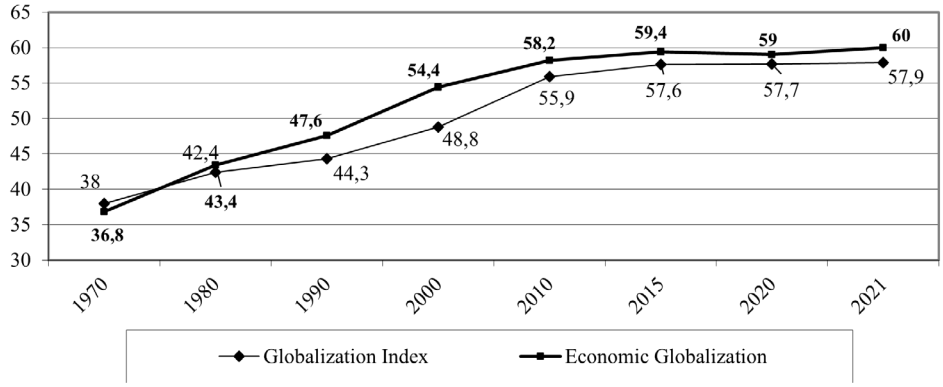


Figure 2. The level of overall and economic globalization of the world, 1970–2021

Source: KOF Swiss Economic Institute (2021)

From the point of view of the influence of global factors on regional economic security and their consideration in shaping the relevant regional security complexes, it is important to understand the degree of involvement of regions of the world in the course of globalization processes. According to the values of the KOF Globalization Index, the regions of the world are both at significantly differentiated levels of globalization and demonstrate different rates of progress in this respect (Table 1).

Table 1. The level of economic globalization of regions, 1970–2021.

Source: KOF Swiss Economic Institute (2021).

Region	**1970**	**1980**	**1990**	**2000**	**2010**	**2020**	**2021**
Europe and Central Asia	48.09	54.27	56.96	65.93	70.28	72.28	73.00
East Asia and Pacific	36.09	41.81	47.35	55.06	59.73	60.44	60.68
North America	48.35	53.52	56.89	65.79	64.93	66.23	66.42
Latin America and Caribbean	35.16	38.99	42.58	50.50	53.27	53.64	54.58
South Asia	24.35	26.24	29.27	34.45	40.66	38.93	39.50
Middle East and North Africa	40.65	47.21	48.58	55.79	61.21	59.24	59.80
Sub-Saharan Africa	30.03	33.20	35.49	41.83	44.08	44.45	44.67

The East Asia and Pacific region shows the greatest progress in increasing the level of economic globalization (the globalization index increased by 1.7 times from 1970 to 2021), while the North America region showed the least (1.4 times). In the regions of Europe and Central Asia, East Asia and the Pacific, and North America, the level of economic globalization today exceeds the overall level of globalization of the world. In the regions of Latin America and the Caribbean, and the Middle East and North Africa, it is almost at the same level as the global average. In the regions of South Asia and Sub-Saharan Africa, whose rate of inclusion in globalization processes lags far behind other regions, global transformations will have a less noticeable impact on the security environment.

The level of globalization of the Ukrainian economy in the last 15 years has exceeded the corresponding global averages (for comparison: 2010 – world 58.2, Ukraine 61.2; 2021 – world 60.0, Ukraine 62.4). At the same time, in terms of financial globalization, Ukraine has significantly lagged behind the global indicator (2010 – world 57.7, Ukraine 51.4; 2021 – world 60.3, Ukraine 53.3). Alongside this, the level of trade globalization of the Ukrainian economy has steadily exceeded the level of financial globalization (Fig. 3).

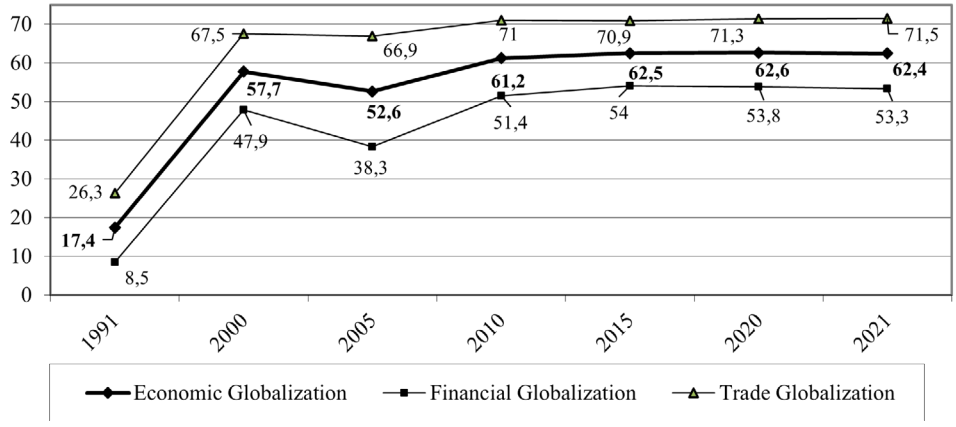


Figure 3. The level of economic globalization of Ukraine, including trade and financial components, 1991–2022

Source: KOF Swiss Economic Institute (2021)

Taking into account global transformations and the contradictions of the current global economic security landscape, the configuration of national security systems will be determined by factors and conditions that must be taken into account when implementing the policy of ensuring the economic security of countries, including Ukraine (Fig. 4).

Currently, practical measures to regulate economic security are concentrated by the majority of leading countries in the areas of ensuring national interests in the field of international trade, controlling investment flows, and ensuring supply chains. At the same time, this approach represents a rather narrow perception of economic security, which should be expanded by recognizing the importance of other security spheres (in particular, those that are components of economic security in accordance with the normative legal acts of Ukraine). Methodological recommendations for calculating the level of economic security of Ukraine define the following components: production, demographic, energy, foreign economic, investment and innovation, macroeconomic, food, social, financial (banking, security of the non-banking sector, debt, budget, currency, monetary credit) (Order No. 1277 of the Ministry of Economic Development and Trade of Ukraine, 2013).

Offensive and defensive security policies are extreme manifestations of economic security management regimes. Alongside them, the de-facto regime of national economic security is usually mixed in nature and requires a balance between defensive and offensive policies depending on the specific situation in the country. Moreover, the state can pursue a unified approach (offensive or defensive) when implementing measures to support all components of economic security or a differentiated approach (when some of the components of security are provided by measures of a defensive nature, and others are of an offensive nature).

One of the factors that determine the nature of security policy and, in particular, the state's predisposition to defensive or offensive security policy, is the

country's position in the world economy (leader, strong player, weak player, or outsider).

An influential factor that will determine the contours of national security policy is the country's position in relation to existing regional security complexes. For countries that clearly belong to a certain existing regional security complex, it is logical to be actively included in security initiatives at the level of interstate cooperation within the region. For buffer states that separate regions and, as a rule, have geostrategic importance for actors from different regions, this task becomes much more difficult. For instance, the problems of national security in Ukraine, which is characterized by being at the intersection of two spaces – European and post-Soviet – are difficult to consider separately from the security problems of both regions. The experience of Ukraine has shown that being under the divergent influence of two regional security complexes and feeling the corresponding pressure makes it difficult for buffer states to maintain neutrality and balance between the respective complexes. For a long time, the uncertainty of Ukraine's foreign economic and political course in solving regional security problems did not provide an opportunity to effectively counteract the destructive consequences of such multidirectional pressure (Parakhonskyi et al., 2014). Therefore, it is important for such states to choose within which region they will build their national security complexes.

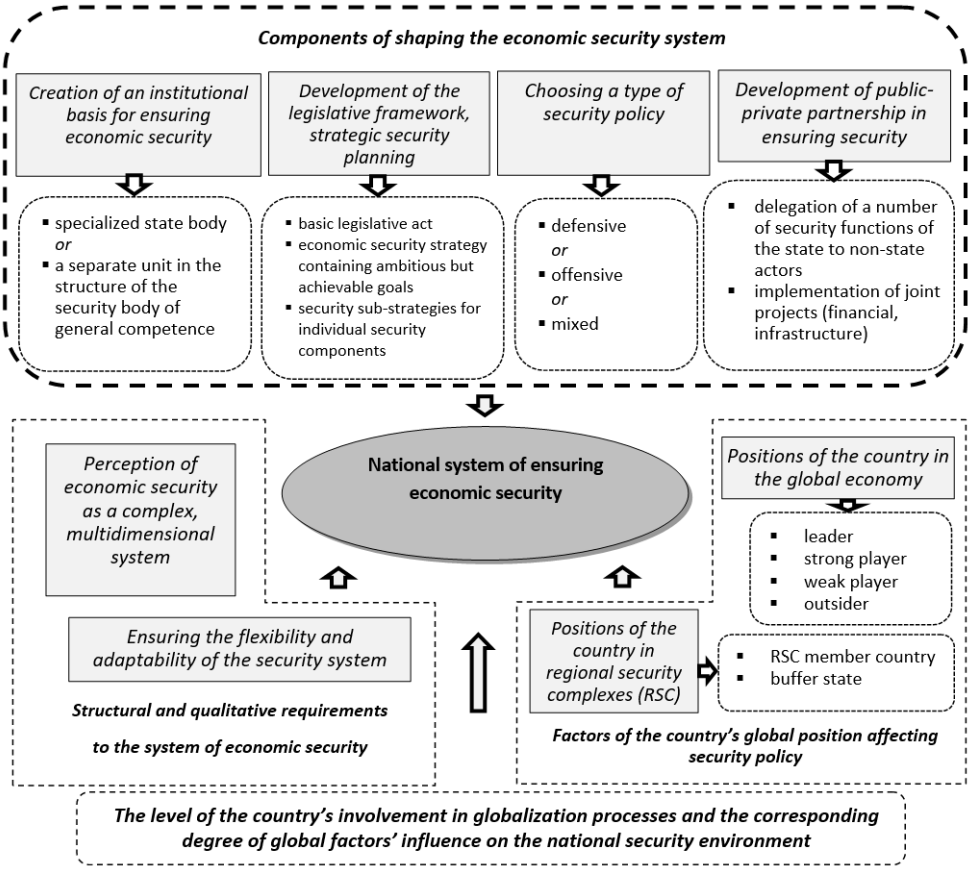


Figure 4. Components and factors determining the configuration of the national economic security system

Source: developed by the authors

In the direction of the development of the institutional provision of economic security, it is advisable to establish specialized state institutions that will take care of the economic component of security (such as the Economic Security Bureau of Ukraine). If the practice of security management is preserved at the level of public bodies with a broad profile, there is a risk that their security functionality will traditionally gravitate towards military and defense security issues.

Special attention should be paid to public-private partnership in ensuring certain aspects of economic security. The practice of delegating certain state functions, including security functions, to non-state (private) entities is not new in

the world. Currently, Ukraine's strategic documents provide for the development of public-private partnerships in the following security areas: creating an effective security system and ensuring the stability of critical infrastructure; modernizing transport infrastructure; and developing the defense-industrial complex (Markieieva & Rozvadovskyi, 2021, 2022). Regarding economic security, this is especially relevant for those security areas in which the private sector plays a decisive role (for example, the IT industry). Therefore, it is necessary that governments realize their role in regulating public-private partnerships, since economies sometimes have to balance between rather contradictory goals: on the one hand, trying to protect themselves (for example, to mitigate threats such as cyber attacks), and at the same time trying to develop (in particular, using the achievements of technical and technological progress).

The conditions in which the current security environment is being formed impose new requirements on national security systems. This, in particular, is related to the increased flexibility of the national policy of ensuring economic security. This requirement is related to the fact that the national security system must respond adaptively to rapid changes in the security environment and the emergence of new security challenges and threats. A comparison of the top 10 global risks which will have the greatest impact on the national security of countries in the next 2 and 10 years, as identified by the World Economic Forum, shows a significant difference in the impact of risks in the short and long term, and also demonstrates the emergence of new risks (Table 2).

Table 2. Top 10 global risks ranked by severity in the short and long term, 2023–2024

Source: compiled by the author based on World Economic Forum (2023, 2024).

2 years		10 years		
Rank	**Risks**	**Rank**	**Risks**	**Change of the rank**
2023				
1	Cost of living crisis	1	Failure to mitigate climate change	↑
2	Natural disasters and extreme weather events	2	Failure of climate-change adaptation	↑
3	Geoeconomic confrontation	3	Natural disasters and extreme weather events	↓
4	Failure to mitigate climate change	4	Biodiversity loss and ecosystem collapse	new
5	Erosion of social cohesion and societal polarization	5	Large-scale involuntary migration	↑
6	Large-scale environmental damage incidents	6	Natural resource crises	↑
7	Failure of climate change adaptation	7	Erosion of social cohesion and societal polarization	↓
8	Widespread cybercrime and cyber insecurity	8	Widespread cybercrime and cyber insecurity	no changes
9	Natural resource crises	9	Geoeconomic confrontation	↓
10	Large-scale involuntary migration	10	Large-scale environmental damage incidents	↓
2024				
1	Misinformation and disinformation*	1	Extreme weather events	↑
2	Extreme weather events	2	Critical change to Earth systems*	new
3	Societal polarization	3	Biodiversity loss and ecosystem collapse	new
4	Cyber insecurity	4	Natural resource shortages*	new
5	Interstate armed conflict*	5	Misinformation and disinformation*	↓
6	Lack of economic opportunity*	6	Adverse outcomes of AI technologies*	new
7	Inflation*	7	Involuntary migration	↑
8	Involuntary migration	8	Cyber insecurity	↓

9	Economic downturn*	9	Societal polarization	↓
10	Pollution	10	Pollution	no changes

** New risks that entered the top 10 in 2024 but were absent among the top 10 risks in 2023.*

Security risks are not only differentiated in the short and long term, but also change rapidly over time. According to the results of WEF expert assessments conducted in 2024, the top 10 global risks included several fundamentally new risks that were not considered among the most influential in 2023 – misinformation and disinformation, lack of economic opportunities, interstate armed conflict, adverse outcomes of AI technologies, etc.

In recent years, economic security has finally begun to be recognized at the state and international level as a separate component of national security, which requires its own approaches to its regulation and support. This was a consequence of the transformation in the definition of the phenomenon of security itself and the expansion of its content from a narrow perception purely in the military, defense, and political contexts. At the same time, the social and political sphere continues to demonstrate a close connection to economic security. On the one hand, factors of a social, political, and military nature continue to exert a noticeable influence on the economic security environment. In particular, there is an increased risk that geopolitical fragmentation will cause geoeconomic wars and increase the risk of conflict between competing states (especially between leading states). On the other hand, economic policy today is used as an element of geopolitical confrontation (in particular, as a defensive tool to increase the self-sufficiency and independence of states, and as an offensive policy tool to restrain the expansion of competing countries).

The increase in spending on the military industry and the introduction of new technologies in the production of military products in an increasing number of countries, which has been noted recently, could provoke a global arms race, and

in the long term exacerbate military conflicts with the deployment of the latest weapons, having devastating consequences for the global economy. It is important that this new context of economic security is promptly taken into account at the level of international arms control institutions. Accordingly, the demand for flexibility should be placed not only on national security systems, but also on international mechanisms for ensuring economic security.

Effective work to ensure the economic security of countries is determined, first of all, by the efficiency of national security systems. At the same time, the security systems of countries today are under the growing influence of global transformations, which create brand new conditions of the security environment and often become a source of challenges and threats to economic security. This complicates the functioning of national economic security systems and increases the importance of international cooperation in this respect.

Today, there is a sufficiently large number of international institutions operating in the world, which directly or indirectly take care of the security issues of Member States. However, the efficiency of interstate dialogue and the effectiveness of their security activities are ambiguously assessed even by participating countries. For instance, the United Kingdom considers the OECD as the most effective coordinating organization for the development of multilateral approaches to economic stability and security (Beal, 2022). In turn, the United States, as one of the leading members of the most influential international institutions, proves the advantages of the G7 forum, as well as the Quadrilateral Security Dialogue. The latter is a strategic initiative between the USA, Japan, Australia, and India to jointly solve security problems in the Indo-Pacific region (Smith, 2021). The de-jure activity of this initiative is aimed at developing partnership between participating states taking into account common interests, promoting free trade and the peaceful settlement of disputes. The de-facto purpose of this strategic dialogue is more related to restraining China's expansion in the region.

In any case, given the large number of international security institutions, one needs to clarify what specific and complementary role each will play in achieving economic security goals, including the extent to which they can mediate agreements between competing states. Taking into account the complexity of building a fully fledged architecture of global economic security, a more realistic task is the formation of a developed network of regional security complexes and the active involvement of the countries of the respective regions in their functioning.

The study of the peculiarities of shaping regional economic security complexes demonstrates progress in the development of regional security complexes and the creation of an institutional basis for their functioning. At the same time, the level of institutional support for the activities of regional security complexes in different regions is significantly differentiated. This relates both to the presence in the regions of intergovernmental institutions of general and special competence in the field of security, and the effectiveness of their security activities. In addition, contradictions and disputes of a socio-political, military, and economic nature (in particular, the struggle for economic leadership in the region) between countries within the regional security complex often become obstacles to the proper integration of security issues.

Therefore, ensuring the security of the national economies of countries will increasingly depend on the efficiency of regional security complexes. This requires their further development in the following directions in particular:

1. It is advisable to define the regional security management structure based on the selection of an appropriate structure type. The current practice of regional security management includes approaches ranging from relatively informal to more institutionalized (regional balance of power and informal alliances, regional coherence, regional cooperative security, regional collective defense, regional collective security, pluralistic security community; Börzel & Risse, 2016). The implementation of the specified approaches to the management of regional

security is determined by the type of threats to regional security, the level of institutionalization, and the composition of actors (Lishchynskyi & Lyzun, 2020). Accordingly, the management of the regional security complex can be based on one type of structure, or have a mixed nature, relying on several types of regional security agreements.

2. The development of the regional security architecture requires the modernization of institutional support for the regional security complex in the following areas:

- arranging the distribution of security functions between interstate institutions operating in the same region;
- strengthening the security powers of existing regional organizations or creating new interstate initiatives with a purely security focus (currently, the management bodies of regional security complexes mainly work in the field of military, political, and defense-based security, and those involved in supporting economic security perform these functions rather indirectly).

3. In order to jointly solve specific narrow issues of economic security, the institutional bases of regional security complexes should be developed by creating a network of regional specialized institutions to ensure various components of security. Currently, the network of specialized regional initiatives to ensure financial security is the most highly developed. In some regions, there are also intergovernmental bodies on energy security, while in other areas of economic security the institutional base at the level of relevant regional organizations with narrow profiles is undeveloped.

Conclusions

In terms of current global transformations, the specific strategic priorities of the security development of individual national economies, in particular in Ukraine, will increasingly be determined by: the level of their involvement in global processes; their place in the world economy and their degree of appropriate

sensitivity to the conditions of the global economic security landscape; and the positions of countries in regional security complexes.

There are several contradictions in the current global economic security landscape which determine the evolution of approaches to economic security policy development. These issues include the relationship between national security and an open economy, the opposition of a unilateral approach to multilateralism, the need to take into account China's strategy, and geopolitical differences.

The proposed recommendations for improving the quality of national security systems take into account their growing dependence on the conditions of the global environment, and are based on: the identification of the components of the economic security system, structural and qualitative requirements for it, and factors in the global positioning of countries that influence security policy. An important requirement for any security system is the increased flexibility of national policies aimed at ensuring economic security, taking into consideration the rapid changes in the security environment and the appearance of new security challenges and threats.

The performance of a national security system will largely depend not only on its internal qualitative characteristics, but also on the efficiency of security activities at the level of international institutions, in particular through regional security complexes.

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Mykolo Romerio universitetas

Vilnius, 2024

Reviewed:
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Editor-in-chief:
Prof. habil. dr. Žaneta Simanavičienė

Approved for publication by the Council of the Public Security Academy of Mykolas Romeris University, at the sitting on 13 September 2024. Resolution No. 1VS-8.

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The bibliographic data of the publication is available on the portal of the Lithuanian Integrated Library Information System (LIBIS) "ibiblioteka.lt".

ISBN: ISBN 978-609-488-096-4 (El. - PDF)
ISBN 978-609-488-097-1 (Print)

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