
**TARAS SHEVCHENKO NATIONAL UNIVERSITY OF KYIV
EDUCATIONAL AND SCIENTIFIC INSTITUTE OF INTERNATIONAL RELATIONS**

**АКТУАЛЬНІ ПРОБЛЕМИ
МІЖНАРОДНИХ ВІДНОСИН**

ISSUE 159

ACTUAL PROBLEMS OF INTERNATIONAL RELATIONS

ISSN 2308-6912



2 308691 200005 >

KYIV – 2024

Актуальні проблеми міжнародних відносин : Збірник наукових праць.

Випуск 159

К. : Київський національний університет імені Тараса Шевченка.

Навчально-науковий інститут міжнародних відносин, 2024. – 156 с.

Actual Problems of International Relations. Issue 159, #2 (2024), 156 p. Published by Institute of International Relations of Taras Shevchenko National University of Kyiv. All rights reserved.

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Збірник наукових праць «Актуальні проблеми міжнародних відносин» заснований у 1996 році. Засновник: Інститут міжнародних відносин Київського національного університету імені Тараса Шевченка.

Збірник наукових праць включено до переліку наукових фахових видань України (категорія Б) у галузі політичних, юридичних і економічних наук (спеціальності – 051, 052, 072, 073, 081, 291, 292, 293).

Рішення Атестаційної колегії Міністерства освіти і науки від 06.03.2020 р.

Електронну версію видання розміщено на сайті «Актуальні проблеми міжнародних відносин» за адресою <http://apir.iir.edu.ua/index.php/apmv> і передано до Національної бібліотеки України імені В. І. Вернадського на депозитарне зберігання та представлення на порталі наукової періодики: <http://www.nbuv.gov.ua>.

Автори опублікованих матеріалів несуть повну відповідальність за підбір, точність наведених фактів, цитат, економіко-статистичних даних, імен власних, коректність перекладу на іноземну мову та інших відомостей.

Всі права застережені. При цитуванні обов'язкове посилання на Збірник наукових праць «Актуальні проблеми міжнародних відносин».

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ПОЛІТИЧНІ ПРОБЛЕМИ МІЖНАРОДНИХ ВІДНОСИН

УДК 327:316.32

COMMUNICATION COMPONENT OF THE US's CLIMATE POLICY

КОМУНІКАЦІЙНА СКЛАДОВА КЛІМАТИЧНОЇ ПОЛІТИКИ США

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Abstract. *The article is devoted to the study of the communication component of the US climate policy. In particular, the state of American public opinion regarding global climate change is characterized, approaches to public segmentation for climate communications are determined, communicative challenges to American climate communications are shown, effective communicative messages are analyzed, and the role of the media in conveying climate messages to specific target audiences is determined. It is shown that the segmentation of target audiences for the implementation of climate communications is carried out on the basis of beliefs about climate change, attitudes, risk perception, motivation, values, political preferences and behavior. It was determined that for the formation of public opinion about the causes and consequences of global climate change among the American public, the media is one of the most important channels for the dissemination of climate information.*

Keywords: *global climate change, climate communications, climate policy, USA.*

Анотація. *Стаття присвячена дослідженню комунікаційної складової кліматичної політики США. Зокрема, охарактеризовано стан американської громадської думки щодо глобальних змін клімату, визначено підходи до сегментації громадськості для здійснення кліматичних комунікацій, показані комунікативні виклики американських кліматичним комунікаціям, проаналізовано ефективні комунікативні месаджі, а також визначено роль медіа у донесенні кліматичних месаджів визначеним цільовим аудиторіям. Показано, що сегментація цільових аудиторій для здійснення кліматичних комунікацій здійснюється на основі переконань про зміни клімату, ставлення, сприйняття ризику, мотивації, цінностей, політичних уподобань та поведінки. Визначено, що для формування громадської думки щодо причин і наслідків глобальних змін клімату серед американської громадськості медіа є одним з найважливіших каналів поширення кліматичної інформації.*

Ключові слова: *глобальні зміни клімату, кліматичні комунікації, кліматична політика, США.*

Introduction. The USA is the second largest emitter of greenhouse gases in the world after China. In 2022, greenhouse gas emissions in the US increased by 1.3% (up to 5.6 billion tons of CO₂ equivalent). In the report of the Rhodium Group, an international agency that models greenhouse gas emissions, it is noted that "the movement of the United States to the climate goals in 2022 has been complicated against the background of the global energy crisis, in particular due to the increase in the volume of oil exports from the United States, the increase in the volume of crude oil production, as well as the production and export of natural gas" (Rhodium Group, 2023). At the

same time, the share of renewable energy in the country is significantly increasing, the use of coal energy is decreasing, for example, in 2002, for the first time, solar, wind and hydropower together accounted for about 22% of electricity production, i.e. more than coal (20%) or nuclear (19%) (Grist, 2023). According to Rhodium Group analysts, "despite the upheaval from the pandemic and the war in Ukraine, the US is on a long-term path to a cleaner energy system, although the country needs more aggressive policies to achieve its climate goals." In this context, one of the key elements of the success of the implementation of the country's climate policy is its understanding and approval by the public, which is formed by the implementation of climate communications.

The purpose of the article is to analyze and characterize the communication component of the US climate policy, as a key international actor and one of the largest emitters of greenhouse gases.

Literature review. Many researchers have paid attention to the issue of studying climate policy and, in particular, US climate policy. Among the foreign authors, it should be noted the research of the Center for Global Climate Change Communications at George Mason University and the Yale University Climate Change Communication Program under the leadership of Antoni Leiserovich, which since 2008 have been studying the attitude of the American public to global climate change, tracking and explaining the level of public understanding of climate change, risk perception, political support and behavior, as public opinion in the US plays a critical role in shaping climate policy.

Domestic scientists, in particular, S. Ivanyuta, O. Kolomiets, O. Malinovska, L. Yakushenko, studied the impact of the consequences of global climate change and the interaction of Ukraine with the leading actors of international relations, in particular the United States, regarding the achievement of the goals of the Paris Agreement and Ukraine's climate commitments. In particular, the researchers emphasized the importance of climate communications of leading countries for the effective implementation of climate policy. Thus, they notes that "effective communication about climate change is a key element of public awareness of the environmental challenges of today", "creating a connection between scientific research and people's everyday life contributes to the formation of an environmentally conscious society", "communication about climate change should be not only informative, but also motivating in order to attract citizens to action," and add that "the interaction between scientists, the government, and the public in the field of climate communications is an important step in the direction of sustainable development" (Ivanyuta et al, 2020).

Main results of the research.

American public opinion on climate change. A 2023 study by George Mason University's Center for Global Climate Change Communication in conjunction with Yale's Climate Change Communication Program found that Americans who believe global warming is happening outnumber those who believe it is not by nearly 74% to 15%, a majority of Americans (61%) believe that global warming is mostly caused by humans, compared to 28% who believe it is mostly caused by natural changes in the environment. Regarding the perceived risks of global warming, about half of Americans (48%) believe that people in the United States are harmed by global warming "right now," and nearly as many (44%) say they have personally experienced the effects of global climate change. More than half of Americans believe that global warming will harm future generations of people, plants, animals, the world's poor, people in developing countries and the United States, their communities, their families, or themselves. 11% of Americans have considered moving to avoid the effects of global warming. An analysis of personal attitudes toward global warming found that most Americans (54%) think about global warming "a lot," but 66% "rarely" or "never" discuss global warming with family and friends. Less than half of Americans believe their friends and family are taking action about global warming. About half of Americans (52%) say they hear about global warming in the media about once a month or more. A majority of Americans (62%) say they feel a personal responsibility to help reduce global warming, and about three in ten (28%) say they look for information about solving global warming several times a year or more (Leiserowitz et al, 2023a).

The results of these studies show how the awareness and attitude to global climate challenges among the American public affects the formation of their climate-oriented behavior. Thus, according to the results of surveys, on the one hand, American citizens are aware of global climate change, are aware of its impact on the planet, country, community, and people, seek information or discuss climate change, and on the other hand, believe that the greatest responsibility for coping and adaptation lies with on the leadership of the country and are not ready to quickly change their behavior and habits. We can explain Americans' belief that global warming will have a greater impact on vulnerable and poor communities by the action of Maslow's pyramid, since those whose basic survival needs are satisfied will be concerned about protecting the planet's natural environment. One can agree with this approach, because according to the theory of A. Maslow, until the lower levels of the pyramid, i.e. "deficit needs" are not satisfied, a person cannot enjoy the luxury of worrying about the general good of society. Accordingly, concern for the state of the environment is a subject of human attention only if all the needs of scarcity are satisfied.

A new Pew Research Center survey conducted in 2023 to determine how the American public sees future harm from climate change found that a majority of Americans (63%) believe that climate change is harming the population of the United States and that the situation will worsen in the future. Also, the majority of Americans, mostly young people aged 18 to 29, believe that they need to take additional measures and make certain restrictions due to climate change. (*Pew Research Center, 2023*).

Segmenting American audiences in climate communications. Experts from George Mason University's Center for Climate Communications, together with the Yale Project on Climate Change of Yale University, proposed a methodology for segmenting the audience according to its reaction and behavior to climate information. According to this approach, based on a nationally representative survey of American adults, first conducted in the fall of 2008, the "six Americas" of global warming were identified, that is, six unique audiences of the American public, each of which responds to the problem in its own way. The segmentation was based on information about the population's beliefs about climate change, attitudes, risk perception, motivations, values, political preferences, behavior and main obstacles to action. Such "six Americans" were defined as Alarmed, Concerned, Cautious, Disengaged, Doubtful, Dismissive (*Leiserowitz et al, 2023b*). The analysis showed that these groups differ in terms of beliefs about global warming and the level of interest in specific actions aimed at overcoming global climate challenges. Yes, the alarmed are the segment that is most concerned about the problem of global warming, convinced that climate change is happening, caused by man and is a serious and urgent threat. They are already making changes in their own lives and supporting actions aimed at overcoming climate challenges. The Concerned are also convinced that global warming is happening and caused by humans, but they are less concerned about it and less motivated to take action. Cautious are not convinced that global warming is happening and climate change is caused by humans, they do not perceive climate change as a personal threat and do not feel the need to change their behavior. Disengaged people hardly know about global warming, do not think about this problem, but can easily change their opinion about global warming in the presence of convincing evidence. Those who doubt (Doubtful) are the least motivated to act and change their behavior because they doubt the question that global warming is happening. whether it is human-caused and perceived as low risk. Many in this segment believe that if global warming is occurring, it is caused by natural changes in the environment, believe that global warming will not harm humans for many decades into the future, and that the measures taken to address climate challenges are sufficient, to respond to a threat. Dismissives reject the idea that global warming is happening and caused by humans, do not see it as a threat, and tend to strongly oppose climate policy because climate change is not a problem that requires a national response. An annual study of the opinion of the American public indicates a change in the country's attitude to global climate challenges. For example, the size of the Alarmed segment has more than doubled since 2012, from 12% of the US population in 2012 to 26% in 2022, the Alarmed segment has become the same as the Concerned (27%). Conversely, the size of the

Cautious segment has decreased from 29% in 2012 to 17% in 2022. The Concerned, Uninvolved, Doubtful, and Disdainful segments have remained relatively consistent in size over the past decade. These dynamics suggest that the American public is increasingly concerned about global warming, more engaged with the issue, and more supportive of climate solutions. One can agree with the findings of the study that the reason for the growing concern of Americans about global climate challenges was the implementation of climate communication campaigns.

Challenges of climate communications in the USA. According to A. Leiserowitz, "Americans' understanding of the reality, risks and solutions of global warming is growing, and the increase in the Alarmed segment is a hopeful sign, because progress in the fight against climate change requires decisive, coordinated and permanent actions, and Alarmed is most interested in this issue." Nevertheless, adaptation and mitigation measures require action not only from government, business, international and non-governmental organizations, but also from all citizens. The worried and cautious (who make up nearly half of US adults) tend to view climate change as a future problem because many are unaware that global warming is already harming communities across America, including increasingly dangerous weather, increasing impacts on human health and the rapid increase in economic disasters due to fires and storms. Despite this ongoing misunderstanding, there is also a growing consensus across parties that 100% clean energy is the right path to American prosperity. The combination of these factors, in our view, presents a challenge for American climate communications.

As it was shown, the understanding and attitude of the public to climate change as a global problem is influenced by a number of factors, in particular, education, religion and political ideology, scientific communications, etc. It is important to note that interpersonal communication also contributes to the formation of beliefs and concerns about climate change. Although the authority of the source is important in communications, and friends and family are not a scientific source, still, according to M. Goldberg, S. Linden, E. Maibach and A. Leiserovych, they remain one of the most influential sources of information about climate change (*Goldberg et.al., 2019*). One can agree with the researchers who note that climate communication between friends and family can be an important way to raise awareness of the problem.

Thus, climate debates can set off a feedback loop where people debating global warming learn important facts, such as the scientific consensus on anthropogenic causes of global warming, that make them more likely to engage in further discussion. In this case, the indirect effects of climate communications will be more effective than those based on the dissemination of scientific consensus. In our view, this suggests that encouraging people to discuss global warming with their friends and family may be a more productive way of climate communication. That is, climate messages from close friends or family will be perceived better than when the identical message comes from strangers.

Therefore, discussing climate change with relatives and friends has several important advantages, in particular, a common understanding of the problem, that is, discussing climate change can help ensure a common understanding of the seriousness of the problem and its impact on the environment and the future; spreading awareness, i.e. the more people are aware of climate change issues, the more chances there are to implement sustainable changes in lifestyle and consumer habits; public mobilization, i.e. discussion and dissemination of information can mobilize the public and stimulate people to participate in climate actions, actions and other initiatives; interaction and exchange of ideas, i.e. discussion with relatives and acquaintances can contribute to the exchange of ideas, the discovery of new approaches and the development of joint strategies to reduce the human impact on the climate; motivation for action, i.e. shared discussion can inspire people to take action and encourage them to join initiatives aimed at preserving the environment. Therefore, the discussion of climate change becomes an important stage in the formation of a common consciousness and response to this serious problem.

Climate messaging and communication work with the American public. An analysis by experts at Yale's Climate Communications Program to determine which climate messages and communication channels best engage the public and key target audiences found the following findings. First, different audiences tend to trust different platforms and messengers. Second, it is important to consider the context of the climate message, such as whether it is a scientific, medical, business, political, environmental, national security, moral or religious issue, format such as text, video, audio, online, face-to-face, and their combinations, as it is directly related to the degree of engagement and persuasiveness for different audiences. The researchers emphasize that "facts alone are not enough to convince the American public of the risks and importance of combating climate change, but it is important to continue to provide the public with accurate scientific information about its causes, consequences, and solutions" (YPCCC, 2022).

It was found that the effectiveness of climate change messages is determined by different criteria. The research was conducted using the metaphor of the scientific consensus on global warming and the blanket, i.e. the effect where increased carbon dioxide in the atmosphere (due to fossil fuel burning and land use change) acts as a thermal blanket, causing global warming. As of 2022, more than 40% of Americans did not realize that human activities—especially the burning of coal, oil, and methane—are responsible for all of the global warming observed over the past century (Bergquist et. Al, 2022). The researchers attributed this low level of support for the scientific consensus to a number of factors, including misinformation, poor scientific communication and limited media coverage of climate change, and the strong political polarization of the issue. At the same time, discussing the problem of climate change, as well as understanding its causes, according to researchers, are key factors in raising awareness and building support for climate action. Informing audiences with a "consensus message" that "97% of climatologists have concluded that human-caused global warming is occurring" was found to be effective in areas of the country dominated by the fossil fuel economy, particularly West Virginia, North Dakota and Wyoming. The public, which did not have access to information about global warming (and therefore did not have consensus information), did not respond to climate messages. Instead, regular information about climate change among different groups of the public leads to a correction of the attitude towards the problem and, accordingly, to a reduction of polarization in society by almost 50%. Moreover, the combination of scientific-style messages about the consensus on climate change and the use of metaphors about the mechanism of the "blanket that retains heat" gave a positive synergistic effect of better understanding of global climate challenges by the public.

Communicating the scientific consensus that climate change is caused by human activity is an important and effective way to increase public understanding and engagement. It is important to assess the degree of persuasiveness of climate messages for different groups of the public (Six Americas) and the duration of holding such a position. A study led by M. Goldberg found that "although the consensus effect of climate messages weakens over time, after 26 days, 40% of the initial effect remains, and the effect of climate messages is the longest among those groups of the public who doubt or despise climate change" (Goldberg, 2022). That is, this study found that for the American public, ideological motivations do not prevent climate change skeptics or skeptics from learning new information that contradicts their initial beliefs.

M. Goldberg's survey showed that among various communication techniques of interaction with the public, the use of video to broadcast the scientific consensus on climate change is more effective than text with identical information. The researchers note that even though the text in the video shown and the transcription was identical, the video was significantly more effective in increasing perceptions of the scientific consensus on climate (Goldberg et al, 2019). These suggest that a video that contains images and vivid analogies transforms unfamiliar, abstract, and "descriptive" content (expert consensus among climate scientists) into information that "seems" more familiar (e.g., by analogy, "97% of dentists or airlines recommend), and enhances the effect of consensus messages. This is consistent with van der Linden and Maibach's approach to climate communication, according to which "statistical descriptions of climate change risk often fail to elicit action because the statistical information itself means very little to (most) people" (Ven Der

Linden et al., 2015). Accordingly, if climate communications take into account prior experiences, for example, by using narratives, analogies and images to illustrate the central point of a particular message, it makes climate information more concrete and personal, one that better influences the beliefs, perceptions and behavior of the audience. The greater effectiveness of video content in conveying climate information can also be explained by the nature of the video, in particular, imagery and emotionality, which influenced the cognitive processing of climate information; the quality of the video, which influenced the perception of the source of climate information as reliable and increased the persuasiveness of the message; the attractiveness of the picture, which increased attention to the message. The results of this study suggest that the "feel" of climate consensus conveyed through a short video is an effective technique for informing the public about the scientific consensus on climate change, which in turn can increase public understanding of and support for climate change.

The role of the media in American climate communications. The media is one of the most important channels for disseminating climate information to the American public and shaping public opinion about the causes and consequences of global climate change. The importance of the role of the media in climate communications is determined, firstly, by increasing the level of public education, that is, it helps to understand what is happening and how it affects humanity, which can help change behavior to a climate-friendly one, and secondly, by increasing the level of awareness of the problem, which can lead to increased pressure on governments and businesses to take action to address the problem, thirdly, media coverage of global climate change can encourage people to take climate action that helps reduce climate impacts. That is, coverage of global climate change in the media is an important step on the way to solving this problem.

The Society of Environmental Journalists (SEJ) of the United States is the only North American membership association of professional journalists dedicated to researching environmental media coverage to improve climate journalism across all media platforms. Given that American public opinion polls show that most Americans read little and do not hear much about climate change in the news, it is important to determine the level of interest of SEJ members in climate change reporting, as journalists' views on climate change, their experience, and interest in covering climate change changes, as well as their awareness of climate issues directly affect the effectiveness of climate communications in the media.

The study, conducted by experts of the Center for Climate Communications under the leadership of E. Maybach, was aimed at studying the interests, experience, beliefs of SEJ representatives, as well as determining barriers to the dissemination of climate information in the media, trust in potential sources of climate information and ways to develop climate-friendly behavior (*Maibach et al., 2020*).

It was found that in 2020, most SEJ members were not only interested in providing them with climate information, but also produced climate change communications for the media themselves. Moreover, in their opinion, the most interesting climate stories for the American public are, in particular, specific stories about the impact on ecosystems, local wildlife, droughts and water shortages, forests, extreme precipitation and/or floods, sea level rise and coastal flooding, energy, extreme heat, health and wildfires, impacts on air quality, the economy, infrastructure, hurricanes and storm surges, crops, animals and transport. Journalists are interested in information on climate change solutions and adaptation and resilience stories, renewable energy, policy responses, resilient communities, sustainable food production and consumption, and zero-emissions solutions.

Lack of time, emotional fatigue from covering climate change, lack of training in the field of climatology, difficulty influencing the content of news broadcasts, low support for climate content in new broadcasts by TV channel owners, lack of universal climate information models, low audience interest in climate information, lack of access to experts and lack of access to reliable scientific information were identified as the most significant obstacles to climate communications in the American media.

Trust in sources is a key factor in journalism and in all social interactions. The majority of SEJ members trust authoritative scientific sources of information on climate change, in particular, the Society of Environmental Journalists, the United Nations Intergovernmental Panel on Climate Change, professional scientific societies, the National Academies of Sciences, engineering and medicine, universities and colleges, journalism professional societies, scientific organizations and Climate Central. Only a small number of US climate journalists trust US government agencies, think tanks, environmental and business advocacy groups as sources of climate information. At the same time, the level of trust in climate information of state institutions has significantly decreased during the presidency of D. Trump. Most believe that some degree of future climate change can be avoided and harm prevented within the next 50 years if mitigation and adaptation measures are taken.

Conclusions. Despite the fact that today's youth and future generations will bear the brunt of the negative consequences of climate change, the attitudes of all public groups, their concern and awareness of climate challenges is one of the key aspects of climate communications. Climate communications contribute to conveying information about climate to various groups of the public in order to increase the effectiveness and support of climate policy. Depending on the audience, its age, level of awareness, beliefs, climate communications have their own specifics, in particular, the message, and can be carried out using various channels and tools. An important component of US climate communications is the use of terminology, as language can convey both the degree of uncertainty and the degree of certainty in climate change adaptation and mitigation measures, and create appropriate understanding, attitudes, and behaviors among target audiences. Climate communications are seen as a way of educating climate-conscious citizens who will demonstrate climate-friendly behavior. The communication chain "climate change - media - society" can be considered as a communication model for the analysis of other scientific and socially significant problems, that is, such issues that have a public resonance and require substantiated scientific explanations. At the same time, the goal of climate communications as a component of climate policy, on the one hand, is to form critical thinking and teach rational consumption of climate information, and on the other hand, to promote the formation of climate-responsible behavior among target audiences. The lack of consolidation among the American public about the causes, consequences and ways to overcome climate threats means, in our opinion, the need to apply an individual approach to engage with each of these groups.

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УДК 327:339.5(477:5-15):355.01(470:477)

ОСОБЛИВОСТІ ВЗАЄМОДІЇ УКРАЇНИ З МОНАРХІЯМИ ПЕРСЬКОЇ ЗАТОКИ У КОНТЕКСТІ ПОСИЛЕННЯ БЕЗПЕКОВИХ ВИКЛИКІВ

FEATURES OF UKRAINE INTERACTION WITH GULF MONARCHIES IN THE CONTEXT OF ESCALATING SECURITY CHALLENGES

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***Abstract.** The article examines the features, current state and prospects of Ukraine's interaction with the Gulf monarchies in the context of escalating security challenges. Authors substantiates the intensification of political dialogue between Ukraine and the GCC member states in connection with the increase in the number of official contacts in the context of the growing need for Ukraine to increase the level of political support. The qualitative characterization of official contacts is generalized, on the basis of which the main directions of such interaction are outlined. The importance of such support is confirmed, which is determined by the growing influence of the Persian Gulf states in the international arena. The authors substantiates the origins and peculiarities of the GCC member states' position on the Russian-Ukrainian war through the view of their national interests. The reasons for the interest of the Gulf monarchies in economic cooperation with Russia are highlighted and the negative consequences of this trend for Ukraine are emphasized.*

The impact of Ukraine's strategic documents on its current position in relations with the GCC countries is described. The negative impact of the Russia-Ukraine war on the trade and economic relations between Ukraine and the GCC is reflected. Key problems for Ukraine's foreign policy in relations with the GCC countries are outlined, referring to the current geopolitical situation, which is determined by the expansion of BRICS and closer interaction of the monarchies with Asian countries, particularly China and India, as a counterbalance to the western direction of their foreign policy in the context of a multilateral approach.

The study emphasizes the need to develop a comprehensive and long-term strategy for interaction with the GCC member states in both bilateral and multilateral formats, considering the effectiveness of such an approach as outlined by the authors.

Keywords: Ukraine, Persian Gulf, Middle East, GCC, foreign policy, security, KSA, UAE, Qatar, Russia-Ukraine war.

Анотація. У статті досліджуються особливості, сучасний стан і перспективи взаємодії України з монархіями Перської затоки в контексті ескалації викликів безпеці. Обґрунтовано інтенсифікацію політичного діалогу між Україною та країнами членами РСАДПЗ у зв'язку зі збільшенням кількості офіційних контактів у контексті зростання необхідності для України підвищити рівень політичної підтримки. Узагальнено якісну характеристику офіційних контактів, на основі чого окреслено основні напрямки такої взаємодії. Підтверджено важливість такої підтримки, що детермінується зростанням впливу держав Перської затоки на міжнародній арені. Обґрунтовано витoki та особливості позиції країн-членів РСАДПЗ щодо російсько-української війни крізь призму їх національних інтересів. Висвітлені причини зацікавленості монархій Перської затоки в економічній взаємодії з РФ та наголошено на негативних наслідках такої тенденції для України.

Описано вплив стратегічних документів України на її сучасну позицію у відносинах з країнами РСАДПЗ. Відображено негативний вплив російсько-української війни на торгово-економічні відносини України та РСАДПЗ. Окреслено ключові проблеми для зовнішньої політики України у відносинах з країнами РСАДПЗ, посиляючись на сучасну геополітичну ситуацію, що детермінується розширенням БРИКС та тіснішою взаємодією монархій з країнами Азії, зокрема КНР та Індією, як противагою західному напрямку їх зовнішньої політики у контексті багатостороннього підходу.

Дослідження наголошує на необхідності розробки комплексної та довгострокової стратегії взаємодії з країнами-членами РСАДПЗ у двосторонньому та багатосторонньому форматі з огляду на ефективність такого підходу, що окреслюється авторами.

Ключові слова: Україна, Перська затока, Близький Схід, РСАДПЗ, зовнішня політика, безпека, КСА, ОАЕ, Катар, російсько-українська війна.

Introduction.

In the context of escalating security challenges faced by Ukraine following Russia's full-scale invasion, the need to strengthen relations with the countries of the Persian Gulf becomes increasingly important. These relations are crucial for Ukraine not only for political support in the war against the aggressor but also for bolstering the country's economy by improving trade performance. The geopolitical landscape has shifted dramatically, necessitating the formation of new alliances and the strengthening of existing ones to ensure resilience and development in a complex international environment.

The member countries of the Gulf Cooperation Council (GCC) have emerged as key players on the global stage due to their strategic economic positions, substantial energy resources, and growing political influence. For Ukraine, interaction with these countries offers the opportunity to gain vital support across various sectors. Politically, the support of the GCC countries can enhance Ukraine's standing on the international stage, counterbalancing Russian influence. Economically, partnerships with these countries can stimulate investment and trade, aiding in the recovery and development of the nation.

The purpose of the article.

The article aims to identify the features of Ukraine's interaction with the monarchies of the Persian Gulf in the context of escalating security challenges. This is achieved through a comprehensive analysis of the current state of political interaction and the determination of prospects for the further development of bilateral and multilateral relations.

Literature review.

In outlining the extent of scientific research on this issue, it is worth mentioning the contributions of O. Koppel and V. Fedianin, who have examined Ukraine's policy in the Persian Gulf region, particularly the impact of the Russian factor on the current state of these relations (Koppel O. & Fedianin V., 2022). The contribution of N. Novytska are noteworthy, as she explores the positions of the Persian Gulf states regarding Russia's war against Ukraine and the level of their cooperation with the parties involved in the conflict (Novytska N. & Perepelytsia G., 2022).

Additionally, her research highlights the rivalry between Ukraine and Russia for international support from the Gulf states, particularly the Arab oil monarchies, in the context of Russia's large-scale aggression against Ukraine (*Novytska N. & Cherkas B., 2022*).

It is worth mentioning the work of R. Petyur, which defines the place of the Middle East countries in Ukraine's foreign policy in terms of bilateral and multilateral relations (*Petyur R., 2007*) and the work of M. Subh "Transformation Processes in the GCC Countries in the Context of Globalization." (*Subh M., 2015*). O. Segeda focuses on the analysis of Kuwait's position on the Russian Federation's war against Ukraine, as well as the reaction of Kuwaiti society and media to it, analyzes the prerequisites for the formation of Kuwait's official position, records the facts of humanitarian and financial assistance to Ukraine, and support at the international level (*Segeda O., 2022*). In the article "Ukraine-Qatar: Beyond Mediation", S. Danilov explores the role of Qatar as a mediator in the Russian-Ukrainian war and the areas of possible cooperation between Ukraine and Qatar (*Danylov S., 2024*).

Among foreign scholars, it is worth mentioning K. Ulriksen, who studies how the Russian-Ukrainian war affected the security dynamics in the region (*Ulrichsen K., 2023*). At the same time, we note the lack of generalized studies of the features of the current state of Ukraine's political interaction with the Gulf monarchies and the prospects for further development of both bilateral and multilateral relations within the GCC.

Main results of the research.

The current state of political interaction with the Gulf monarchies in the vast majority of contacts boils down to Ukraine's need to secure greater support from the countries of the Global South, where the countries selected for analysis, especially the KSA, UAE, and Qatar, play a leading role. On this basis, political dialogue has intensified in light of Russia's full-scale invasion of Ukraine and the increased need for Kyiv to attract support from international actors. This need is met mainly through bilateral visits and meetings. In this context, it is worth mentioning the official visit of Ukraine's Special Representative for the Middle East and Africa Maksym Subkh to Oman in March 2022 (*Ministry of Foreign Affairs of Ukraine, 2023*) and the visit of the Minister of Foreign Affairs of Ukraine to Kuwait in April 2023 (*Ministry of Foreign Affairs of Ukraine, 2023*). Particularly noteworthy are the working visits of the President of Ukraine to the KSA in May 2023 (*Official website of the President of Ukraine, 2023*) and February 2024 (*Ministry of Foreign Affairs of Ukraine, 2024*), where V. Zelenskyy met with Crown Prince and Prime Minister of the Kingdom of Saudi Arabia, Mohammed bin Salman, and his visit to Qatar in June 2024 (*Radio Svoboda, 2024*).

With the escalation of challenges, the toolkit of Ukraine's foreign policy apparatus has also expanded. This is evidenced by President Zelensky's presence at the Doha Forum in 2022 and the Arab League Summit in Jeddah (Saudi Arabia). In August 2023, a meeting was held with representatives from 40 countries, including GCC member states. From Ukraine's perspective, the primary goal of the meeting was to articulate the importance of the points of the peace formula for global security. Foreign Minister Dmytro Kuleba stated that the peace summit was a "breakthrough" for Ukraine (*Reuters, 2023*).

As we can see from the number of official contacts, the Kingdom of Saudi Arabia is given priority in intensifying political dialogue among the Arab monarchies of the Persian Gulf. In this context, we can agree with the point of view of Luke Coffey, a senior fellow at the Hudson Institute, who notes: "Kyiv knows that the Kingdom has influence not only among other Muslim states, but also in many countries of the Global South." (*Coffey L., 2024*).

The growing interest in Ukraine on the part of the Gulf states was evidenced by the visits of officials to Kyiv. In this context, it is worth mentioning the visit of the Minister of Foreign Affairs of the KSA to Ukraine in February 2023 (*Official website of the President of Ukraine, 2023*), the visit of the Minister of Foreign Affairs of Bahrain in May 2023 (*Official website of the President of Ukraine, 2023*), the visit of the Minister of Climate Change and Environment of the UAE to Kyiv in June 2023 (*Official website of the President of Ukraine, 2023*), the meeting of the Prime Minister of Qatar with the President of Ukraine in Kyiv in July 2023 (*Ukrinform, 2023*).

Analyzing the content and outcomes of Ukraine's official contacts with the Gulf monarchies, we can determine that their goal is to restore and improve relations with the GCC member countries. Communication is built along key directions such as political support for Ukraine in the war with Russia by promoting the points of the "peace formula"; cooperation in the humanitarian sphere; restoration and enhancement of trade relations with a focus on Ukraine's participation in supporting global food security; and increasing the inflow of investments from the Gulf countries.

The specifics of supporting Ukraine's peace formula by the GCC countries stem from their spectrum of interests and mostly concern points related to nuclear, food, and energy security. The Arab monarchies of the Persian Gulf actively support the "Grain from Ukraine" initiative, reflecting their interest in ensuring food security in the region to maintain its stability. The Gulf monarchies have demonstrated their participation in addressing Ukraine's energy security issues by supplying energy resources as part of humanitarian initiatives.

The mediation of Saudi Arabia (*Radio Svoboda, 2023*), the UAE (*Reuters, 2024*) and Qatar (*Aljazeera, 2024*) in negotiations on the exchange of prisoners of war as a result of the Russian-Ukrainian war, the provision of humanitarian aid and a platform for articulating Ukraine's interests to the Middle East, including the discussion of the Ukrainian peace formula (Jeddah, KSA) should be highlighted separately. In view of this, we can identify the main regional players who see it as their interest to project their influence beyond the Persian Gulf or the Middle East, in this case within the framework of the Russian-Ukrainian war.

Despite the intensification of political dialogue and certain successes in engaging GCC countries in resolving the Russia-Ukraine conflict, it must be noted that the GCC member states' positions remain predominantly neutral. Their abstention in the UN General Assembly vote to exclude Russia from the Human Rights Council and their refusal to support Western sanctions aimed at diminishing Russia's war capabilities, particularly evident in Abu Dhabi's actions, affirm this stance. Support for peace initiatives without a clear bias towards either side demonstrates the GCC countries' leaders' desire to separate the economic and political components of their foreign policy.

In 2022-2023, trade between Russia and GCC countries showed significant changes. The UAE became the largest trading partner, with trade volume increasing by 68% to a record \$9 billion, mainly due to non-oil trade, including Russian agricultural products and precious metals (gold). There was also an increase in Russian businesses and investors relocating to the UAE (*Smagin N., 2023*). Saudi Arabia and Russia also strengthened economic ties, focusing on energy cooperation and agricultural imports, despite Western sanctions. Similarly, trade with Qatar and Oman grew, especially in the energy and industrial sectors. Trade between Russia and Bahrain also developed, though not as significantly as with other GCC countries, which can be attributed to Bahrain's naturally small market (*Smagin N., 2023*).

An analysis of Ukraine's trade with GCC countries for 2023 indicates significant fluctuations in both export and import figures compared to 2022. Data presented in thousands of USD and indexed relative to the previous year's trade volumes provide an insight into the dynamics of Ukraine's trade relations with these countries (*State Statistics Service of Ukraine, 2024*).

In 2023, Ukraine's trade with the GCC countries exhibited considerable fluctuations in both exports and imports compared to 2022. Exports to Bahrain, Qatar, Kuwait, Oman, and Saudi Arabia noticeably declined. In percentage terms, compared to 2022, exports decreased in Bahrain by 27.5%, Qatar by 22%, Kuwait by 25.4%, Oman by 56.6%, and Saudi Arabia by 33.7% (*State Statistics Service of Ukraine, 2024*).

The only exception was exports to the UAE, which showed a slight increase of 4.6%, largely due to active interaction between Ukraine and the UAE in preparation for signing the CEPA agreement. On April 26, 2024, in Abu Dhabi, Ukraine's First Deputy Prime Minister Yulia Svyrydenko and UAE Minister of State for Foreign Trade Thani bin Ahmed Al Zeyoudi signed a Joint Statement on the completion of negotiations on the Comprehensive Economic Partnership Agreement (CEPA) between Ukraine and the UAE. The negotiations resulted in agreements on

significant liberalization of market access for goods and services and the foundation for deepening cooperation in various fields (*Cabinet of Ministers of Ukraine, 2024*).

On the other hand, imports generally increased in trade with all analyzed countries. Trade with Bahrain saw moderate growth of 19.6%, while imports from Qatar and the UAE experienced significant growth of 88.3% and 84.6%, respectively. Imports from Kuwait and Oman rose sharply, amounting to 6667.7% and 411.2%, respectively, on the volume of 2022, while imports from Saudi Arabia showed moderate growth of 9.5% (*State Statistics Service of Ukraine, 2024*).

The trade balance calculations shows that Bahrain had a positive trade balance of \$753.2 thousand, while the UAE showed a significant positive balance of \$51,579.5 thousand. In contrast, relations with Qatar, Kuwait, Oman, and Saudi Arabia recorded trade deficits of -\$11,194.5 thousand, -\$74,286.8 thousand, -\$29,915.1 thousand, and -\$47,006 thousand, respectively. This situation is atypical for the trade and economic relations between Ukraine and the Gulf countries, where historically there has not been a steady trend of a negative trade balance. The reason for this is the increased supply of energy resources from the Gulf countries, as evidenced by data from the "Dixi Group" company (*Dixi Group, 2024*).

In 2022, the total import of energy resources from the Gulf states amounted to \$199,990 thousand, distributed as follows: Bahrain - \$266 thousand, the United Arab Emirates - \$28,596 thousand, and Saudi Arabia - \$171,128 thousand. In 2023, the total imports amounted to \$422,074 thousand, distributed as follows: Bahrain - \$209 thousand, Qatar - \$85 thousand, Kuwait - \$95,337 thousand, the United Arab Emirates - \$84,275 thousand, Oman - \$31,739 thousand, and Saudi Arabia - \$210,429 thousand (*Dixi Group, 2024*).

Despite the positive trend of Ukraine diversifying its energy supply sources, the origin of imported energy resources must be considered, as GCC countries actively cooperate with the Russian Federation in this sphere. We can conclude that the trade interaction data highlight a trend toward reduced exports and increased imports with most GCC countries, leading to a trade deficit. Noticeable exceptions were the UAE and Bahrain, which maintained a positive trade balance. The significant increase in imports from Kuwait and Oman was particularly impressive, indicating a substantial shift in trade dynamics in 2023.

Given the aforementioned economic interest in relations with Russia, particularly in the UAE, which has significantly intensified due to assistance in circumventing sanctions (*Fedianin V., 2023*) and the desire of the main Gulf players (KSA, UAE, Qatar) to pursue a balancing foreign policy (*Ulrichsen K., 2023*), it is crucial for the Arab countries to participate in resolving peace issues to solidify their influential image on the international stage. Consequently, the rivalry among the Gulf countries, which became particularly pronounced after the "Arab Spring," continues to manifest in light of current challenges. This indicates that supporting a peaceful resolution, assisting in hostage release, and providing humanitarian aid are attempts to strengthen their positions as regional leaders and elevate their status by "helping" to address security challenges.

Gulf countries emphasize that they will not take sides in the conflict to maintain a dialogue space for conflict resolution, seeking to strengthen their positions in the Global South, where the US or European countries may fail to help, and GCC countries find ways to resolve issues, even if only in a humanitarian context. This partly neutralizes the negative effect of ties with Russia and the refusal to support sanctions through political activities aimed at "resolving the conflict by peaceful means." This perspective somewhat diminishes the past or future achievements of Ukrainian diplomacy in that the current international order, positions, and interests of the Gulf states set an upper limit on the qualitative development of Ukraine's efforts to involve the GCC in conflict resolution. For Ukraine, at this stage, it is crucial to maintain the neutrality of the Gulf states to prevent a scenario that could negatively impact efforts to engage GCC member countries. Understanding these aspects will help direct limited resources appropriately, although it is inappropriate to claim that such activities lack a logical basis given the GCC's positions in modern international relations.

Ukraine's volatile position in relations with the GCC stems from historically having more ties with Western countries, as determined in strategic foreign policy documents such as the "Foreign

Policy Strategy" (*Verkhovna Rada of Ukraine, 2021*), "National Security Strategy" (*Verkhovna Rada of Ukraine, 2020*), and the Law of Ukraine "On National Security" (*Verkhovna Rada of Ukraine, 2018*). As a result, Middle Eastern countries, particularly the Gulf states, remained on the periphery of Ukraine's foreign policy vectors. Missed opportunities have made the issue of securing support from the "Global South" more urgent and challenging to address. As seen from the current state of affairs, the "ad hoc" principle is not implicative of Ukraine's foreign policy in the Middle East, particularly in the Persian Gulf subregion. A long-term strategy and goals must be established to "defeat Russia in the Persian Gulf." However, given the current situation, correcting this is unlikely in the short term.

The situation is also complicated by Ukraine's traditional focus on bilateral interactions with the Gulf states in both its foreign policy activities and strategic documents. The lack of specific goals and strategies regarding multilateral interaction within the GCC format has significantly limited Ukraine's ability to secure national interests in the subregion. In this regard, China's experience, which sees significant benefits in both bilateral relations with Gulf countries and multilateral cooperation within the GCC, could be useful. This partly explains the increased attention of Gulf countries to Asian markets and partners. Russia also has a strategic dialogue within the GCC framework, with regular ministerial meetings, the latest of which was held on July 10, 2023 (*GCC Secretariat General, 2023*). When the Biden administration attempted to renew cooperation intensity with the GCC in June 2023, a multilateral ministerial meeting mechanism was used to discuss key cooperation points (*U.S. Department of State, 2023*).

For Ukraine, there was only a meeting at the ambassadorial level between Ukraine and the GCC Secretary-General, and since the war began, there has been an online meeting between Ukraine's Foreign Minister Dmytro Kuleba and the Head of the Office of the President of Ukraine Andriy Yermak on one side and GCC ministers on the other. Thus, the limited communication within the Ukraine-GCC format does not give grounds to claim that this subregional direction in Ukraine's foreign policy is formed in the traditional sense. This factor must be considered to use available resources effectively.

Additionally, it is important to consider the influence of the current architecture of international relations, as in recent years, GCC member countries have increasingly shifted their exports from "Western" to Asian markets (especially China and India) due to the rising demand for energy in Asia. Consequently, 70% of oil exports from the GCC go to Asian countries (*Kateb A., 2024*). This dynamic can be confidently stated as a continuation of the multilateral foreign policy of the GCC leaders in response to the gradual decline of US influence in the Middle East since the "Arab Spring" events. Accordingly, the geopolitical landscape complicates Ukraine's policy towards the GCC member countries and its future possibilities.

The Western embargo on Russian energy resources has pushed Russian oil traders to deepen cooperation with Gulf countries, particularly the UAE, creating a network of shared interests between the Gulf countries and Russia. While the GCC countries navigate this complex network of alliances, Ukraine faces the challenge of aligning its foreign policy with the shifting priorities of these influential Gulf states.

Moreover, the accession of Saudi Arabia and the UAE to BRICS, primarily driven by China and Russia, may strengthen the GCC's strategic pivot to Asia. Such a move will enhance the GCC's role in global economic and political programs, potentially leading to the creation of an alternative financial system that diminishes the dominance of Western institutions in the worst-case scenario. For Ukraine, this presents a strategic dilemma, as the GCC's inclusion in BRICS+ could further isolate Ukraine from key economic and political networks, complicating its efforts to garner support for its geopolitical interests (*Livemint, 2024*).

Furthermore, the multilateralism of the GCC leaders' policies and balancing position has already manifested in Saudi Arabia's refusal to send representatives to the Global Peace Summit in Switzerland in mid-June 2024, citing the impracticality of discussing peace without Russia (*dpa-AFX, 2024*).

In summary, the GCC countries' reorientation towards Asia and the deepening of cooperation with China and Russia create significant challenges for Ukraine's foreign policy. The strengthening of economic and political ties between GCC countries and Asian countries, along with the potential for new financial systems within BRICS+, complicates Ukraine's efforts to secure strategic partnerships and trade agreements with the Gulf monarchies. As the global economic landscape continues to evolve, Ukraine must navigate these complexities to effectively engage with the GCC countries and align its foreign policy with the changing priorities of these influential states.

Conclusions

To achieve goals in relations with the Gulf countries, the Ukrainian government must consider several critical aspects. First, it is necessary to develop a comprehensive and long-term strategy for interaction with the GCC member states, going beyond the current bilateral approach. This strategy should focus on ensuring multilateral dialogue while maintaining active bilateral engagement. When developing this strategy, it is important to consider the GCC leaders' involvement in resolving the Russia-Ukraine conflict, demonstrated by their neutral position, which tends to lean towards Russia over time.

Second, the Ukrainian government should pay attention to the geopolitical realities of the Gulf countries' foreign policy, which increasingly focuses on Asia. Strategic alliances between the Gulf states, China, and Russia require a cautious approach from Ukraine, which must balance its strategic objectives of Euro- and Euro-Atlantic integration with the need for effective engagement with the Gulf region.

Third, Ukraine must work on restoring a positive trade balance and expanding trade relations with the Gulf countries, supporting the historically developed agrarian sector, as it aligns with the GCC's interests. Additionally, Ukraine should actively seek alternative ways of interaction in non-oil sectors, which could serve as a substantial counterbalance to the Gulf monarchies' cooperation with Russia, primarily based on energy trade. This vector appears particularly attractive considering the GCC countries are actively diversifying their economies. This allows for cautious optimism regarding the long-term interaction with Russia.

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УДК: 327.8.32.321

STATE FRAGILITY AND INTERVENTIONS: THE RISE AND FALL OF THE DISCOURSE

СЛАБКІСТЬ ДЕРЖАВ ТА ІНТЕРВЕНЦІЇ: ЗЛЕТ І ПАДІННЯ ДИСКУРСУ

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***Abstract.** The article is focused on the issue of state fragility in connection with such an instrument of foreign policy as interventions. It offers a comprehensive overview of academic thought on two matters. The chronological framework is between 1992 and 2021, the year of the deployment of US forces from Afghanistan. The changes in the discourse on state fragility and intervention as a means are traced in detail. Finally, the main objectives and the content of the Global Fragility Act of 2019 and 2020 United States Strategy to Prevent Conflict and Promote Stability are taken into consideration.*

***Keywords:** state fragility; intervention; prevention of conflict; US foreign policy; international security.*

***Анотація.** У статті розглядаються питання слабкості держав у зв'язку з таким інструментом зовнішньої політики, як інтервенції. Пропонується всебічний огляд еволюції академічної думки та політичної практики з обох питань. Хронологічні рамки охоплюють період з 1992 по 2021, рік виведення військ США з Афганістану. Детально простежуються зміни в дискурсі про слабкість держав та інтервенції як засіб подолання слабкості. Здійснено огляд Акту подолання слабкості 2019 року та Стратегії США з попередження конфліктів та сприяння стабільності 2020 року*

***Ключові слова:** слабкість держав; інтервенції; попередження конфліктів; зовнішня політика США; міжнародна безпека.*

Introduction. The International Relations system called postbipolar for the lack of a better term has proved to be as tumultuous and anarchic as any preceding one. The times characterized by the overall lack of understanding of the conditions and undercurrents are not new either to academic circles or general society. The turbulent times serve as a breeding ground for the emergence and popularization of new lingo, and one such example is the concept of failed (later fragile) states (later contexts)

Studying the evolution of this particular term is an endearing pastime, considering the twists and turns of its rise and fall, both in academic and policy papers. What started as trying new approaches to the growing number of emerging threats turned into implemented - and failed - foreign policy of the biggest actors in the international relations system.

The purpose of the article is to trace the changes in the attitude towards the problem posed by so-called fragile states and the ways these changes informed both the US foreign policy and the

international security system in general. To this end, the starting point will be the very beginning of the post-Cold War world order up to the final stages of the US military presence in Afghanistan in 2021.

Literature review. If one takes the article by Helman & Ratner (1992) as a starting point for a deep dive into the topic of failed states, this would prove to be a prudent approach. The following nations were identified as most ineffective for varying reasons more than 30 years ago:

1. Haiti, surviving yet another coup d'etat in 1991;
2. the remnants of what was known nearly a year before the publishing of the article as a more or less wholesome Yugoslavia;
3. Somalia was mentioned as “a dismaying example” of the following fact: “Western aid cannot reach its intended recipients because of violence, irreconcilable political divisions, or the absence of an economic infrastructure”
4. Liberia suffered from a prolonged civil war known later as the First (1989-1997) followed by the Second (1999-2003)
5. Sudan (at a time comprising the territory and sovereignty of what will be declared as South Sudan in 2011)
6. Cambodia was left in ruins after a disastrous regime and over two decades of violent conflict.

In contrast, three states were mentioned as failing - those with a prospect of becoming a failed one. These were Ethiopia, Georgia, and Zaire (since 1997 - Democratic Republic of Congo.)

In many instances of future research on the topic, the differentiation of state fragility will only take root, sprouting dozens of indices, measurements, research programs, etc. For the definition of the term it is most convenient for the purposes of this article to take up the ACL (authority-capacity-legitimacy) model proposed by Carment & Samy (2012), Carment, D. et. al (2017) and further elaborated by Grävingsholt, J. et al. (2012, 2018). This model characterizes fragile states as those exhibiting gaps in authority, capacity, and/or legitimacy. Each of these gaps is subject to debate in terms of definition and measurement.

For example, Call, C. T. (2008, 2016) offers a perspective on capacity-security-legitimacy, incorporating state authority within the first element. To highlight changes in attitudes toward state fragility, it is necessary to elaborate on these gaps. According to the User's Guide on Measuring Fragility (Mata & Ziaja, 2009), the model of the triquetra of gaps can be described as follows: 1) The effectiveness of countries in performing their functions; 2) Whether the state holds a monopoly on the legitimate use of force; 3) Whether the state is accepted as legitimate by all parties of the international community.

Evidently, there is not so much new under the sun as the model is a reverse of the one offered by Max Weber in the early 20th century. His view of a state is of a social mechanism with a monopoly on violence (authority) that regulates and ensures citizens' needs (capacity) over established territory (legitimacy) (Weber, M., Henderson, A. M., & Parsons, T., 2012)

Main results of the research. While the early attempts to identify failed states were proposed as a critique of traditional approaches (mainly international aid), the international community seems to have taken the term but not a novelty from Helman and Ratner's article in the Foreign Policy (1992). A seasoned diplomat and International Law professor were arguing in favour of United Nations Conservatorship, suggesting three models for a U.N. guardianship role. The proposed approaches included governance assistance, delegation of governmental authority, and direct U.N. trusteeship.

Such an attitude towards solving all the world's problems in one go is not uncommon for 1990s texts on foreign policy issues. In some capacity, the concept has been galvanized politically - and immensely so. The proof is its presence in different versions of the US National Security Strategy under different administrations (as early as 1997) as well as the existence of the Global Fragility Act (2019) (United States, 1997)

A short answer to an unposed “why” question can easily be linked to the process of securitization, the gift to the international relations scholars from the Copenhagen school of IR

thought, known mostly for the names of Barry Buzan, Ole Wæver, and Jaap de Wilde. (Buzan B, Wæver O., & Wilde J., 1998) Making any matter a security concern has been made even easier since the 1990s, prompting heatedly discussed “development-security” nexus.

A deep connection between media coverage and presenting particular cases as the most failed states was evident in the late 1990s. Taking the article with the catchy title "On videocameralistics: The geopolitics of failed states, the CNN International and (UN)governmentality" as an example will be beneficial. It appears hardly translatable due to a word play ("UNgovernmentality") and the coined term "videocameralistics." The researchers claimed to be inspired by the ideas of M. Foucault and his followers. (Luke, T., & Tuathail, G., 1997) The authors focused on how the so-called "Second" (Communist) and Third Worlds fragmented into the following three groups after 1991 through the media:

1. "Rogue states" - pariah states, unreliable states. As of 1997, this group included Iraq, Iran, North Korea, and Libya.
2. Emerging markets - countries with developing market economies/transition economies, such as Brazil, Mexico, Argentina, and China;
3. "Failed states" - countries like Rwanda, Somalia, Afghanistan, and Colombia, which were considered representatives of the "impoverished South."

Year 2024 and 2020s in general prove how swiftly the views may change, considering current approaches to terms like Global South or “not-West.” Today they seem to mingle different, often incomprehensibly grouped states.

In the 1990s, it was popular to compare failed states to potential sources of chaos (the term "instability" would later be used more frequently). Some scholars characterized chaos as a "virus of disorder," where problems such as environmental issues, overpopulation, poverty, migrant flows, and ethnic conflicts spread, leading to state failure. (Rosner, J., 1994; Rotberg, R. & Weiss, T., 1996)

These negative effects of state weakening to the point of incapacity became the basis for labeling them as "black holes of geopolitics." As early as 1997, researchers noted that while there are many weak countries in the world, the general public is familiar only with high-profile cases broadcasted through media channels. Examples included the Kurdish refugee crisis following the Gulf War, the 1992 famine in Somalia, and events in Rwanda between 1994-1996. This selective coverage is a fitting illustration of processes related to state weakness as a phenomenon of the post-Cold War era.

Firstly, there was a certain chaos in international politics associated with social, political, and environmental issues. The period of transformation of the international relations system as well as the change in polarity, always brings a range of challenges and threats, with fragile states being one of them.

Secondly, the significant role of global media and technologies was already noted, influencing various aspects, from political projects in individual countries to the status of a global hegemon or "leader of the free world." The continued technological progress, the emergence of social networks, and the dependence of large groups of the population on algorithms and neural networks only intensify this aspect.

The third aspect continues to remain relevant today - the requirements and regulatory regimes faced by countries are at least nominally the same for all, both effective states and the most fragile ones. This aspect was also popular in the literature of the 1990s when the very concept of fragile states was labeled as "neo-colonialist." (Gordon, R., 1997)

Many researchers recognize that weak and failed states are not isolated cases on the world map. States where the jurisdiction of power becomes increasingly decentralized, order and sometimes even government is absent, have always existed and are likely to continue to exist. In some cases, power vacuums are taken over by criminal syndicates, drug cartels, and even religious formations. As of the mid-1990s, only individual cases of failed states appeared in the media space. According to Luke and Toal, such selectivity, particularly by the US media, contributed to the

spread of the concept and conditioned the public to the idea that intervention in such countries by the USA or the UN is entirely justified or even necessary.

Examples included Lebanon, Cambodia, Somalia, and Haiti. The key argument is that "videocameristics" serves as a tool in promoting intervention strategies. The authors argue that the diplomatic duo of fragile states and a superpower (USA) is the result of a policy of panic aimed at maintaining the existing system (Luke, T., & Tuathail, G., 1997) In it, sovereignty played a key role (or its simulation through the support of loyal regimes, as was the case during the Cold War).

In 1996, D. Thürer wrote about failing states as a phenomenon that arises when the power structures responsible for political and legal order collapse. The researcher noted that such processes are usually caused and/or accompanied by "anarchic" forms of violence within countries. This type of violence is illustrated by a quote from former UN Secretary-General B. Ghali: such forms of violence and conflict stem from the decay of state institutions, particularly the police and judiciary bodies. This, in turn, leads to government paralysis, the decline of law and order, banditry, and chaos in such countries. Both individuals concluded that international interventions must fulfill not only military and humanitarian tasks but also the important aspect of promoting peace and restoring effective governments in these countries. (Thürer, D., 1996) Again, we see the focus on the intervention part from the more "effective" representatives of the international community.

Thürer (1996) also analyzed the popular concepts at the time, such as "failed state" and "Etats sans gouvernement" (states without government), and considered both to be insufficiently accurate and too narrow, since such cases are not just about the absence or ineffectiveness of governments or political regimes. Given that this study was written at the end of the 20th century, it is not surprising that the author viewed weak states as those Third World countries affected by the following geopolitical factors:

- The end of the Cold War, during which superpowers repeatedly supported otherwise ineffective regimes in power, using them as potential allies, arms markets, or ideological platforms. As a result, such regimes retained power solely through force, sometimes not even their own;
- The legacy of colonial regimes, especially in territories that were colonies long enough for traditional social ties and power structures to fall, but not long enough to form stable Western-style governance structures or a sense of self as a separate independent state;
- General modernization processes accelerated mobility (both social and geographical) but did not influence the processes of building the state as a stable and effective structure.

Regarding the third element, although the term "globalization" is not mentioned by the author, it is implied in the description of "accelerated mobility." Simultaneously, Thürer (1996) poses important rhetorical questions about state fragility: Is this process or condition not a "chronic pathological trend" capable of negatively impacting stable constitutional formations—the Western states? Will disintegration processes, individualization, and desolidarization [of citizens], under the influence of economic crises and environmental disasters, lead to enmity and anarchy worldwide? Some earlier researchers who examined the role of states in the 1990s like Schreuer, C. (1993) warned that the new era—presumably referring to the post-bipolar international relations system—would be characterized by the loss of the weight of state sovereignty in the traditional, Westphalian sense.

The conclusions of many studies of the earlier period of the study of the phenomenon of failed states lead to the need for intervention in such countries from a force with more power. This theoretical approach has had its share of practical implementation in foreign affairs and global politics.

The most significant ones with relation to the US foreign policy will undoubtedly be US-led interventions in Iraq and Afghanistan. As per the situation report by Zamikula, M. from NISS (2021) the main objectives of the US operation in Afghanistan were as follows:

- achieving rapid military success to calm down American society shocked by the 9/11 attacks;
- proving the resilience of US global leadership to the world;
- destroying an international terror base created under the patronage of the Taliban regime;

- improving the security climate in the region through the creation of a loyal (controlled) government in Kabul;
- restraining the spread of Islamic terrorism in Central Asia.

The situation in the country since 2021, aptly called in the report "Taliban 2.0" proves a range of strategic mistakes and the unavoidable fact: Washington failed to ensure the transformation of Afghanistan from a 'failed' into an effective state. Despite the billions of dollars invested in this project, the changes were only cosmetic. (Zamikula, 2021)

The costs of this intervention are of particular interest in connection to the perceived sums that were calculated pre and post the operation. The original assessment was provided by one of the most renowned researchers of state fragility - Rotberg, R. in 2002. That year he identified seven failed states (read: worth considering intervention to): Afghanistan, Angola, Burundi, the Democratic Republic of the Congo, Liberia, Sierra Leone, and Sudan, without providing a clear mechanism for defining or measuring weakness.

According to Rotberg (2002), the cost of rebuilding these states was estimated at \$15 billion over the next decade. As is often the case with spending forecasts, this figure turned out to be insufficient, and state-building efforts proved ineffective. The research project Costs of War by the Watson Institute at Brown University, as of April 2021, reported that the cost of the war in Afghanistan amounted to \$2.261 trillion spent by the United States over the past twenty years. (Costs of War, 2021)

In the case of Iraq, Crawford (2020) estimated that the bill of war to the U.S. in \$1.922 trillion in current dollars. This figure includes not only funding appropriated to the Pentagon explicitly for the war, but spending on Iraq by the State Department, the care of Iraq War veterans and interest on debt incurred to fund 16 years of U.S. military involvement in the country.

The implicit - yet prevalent - idea of the need to intervene was posed, at least in the eyes of the public, by the notorious terrorism act of 9/11. It was later described by B. Buzan as the event that solved the US threat deficit (Buzan, B., 2006) Another, in some cases notoriously yet widely known IR thinker, F. Fukuyama stated in his 2004 book that fragile states have become the main threat to an international world order. History tends to prove different thinkers wrong and does so repeatedly.

A decade and a half after the 9/11 terrorist attack and subsequent steps taken in the international security system by the main actors were characterized by a growing interest in the academic circles to both state fragility and its consequences. Among those, the primary concern was in relation to transnational terrorism. Such a focus made way for the establishment of - no more and no less - scientific journals. A prominent example is the Journal of Intervention and Statebuilding, a cross-disciplinary journal dedicated to the critical analysis of international interventions with a focus on the actions and practices that shape, influence, and transform states and societies. The first issue was published in 2007.

In the editors' preface, the aim is stated to make the journal a forum for scholars and practitioners to analyze international interventions with the goal of enhancing the capacity of countries. (Chandler, D., Chesterman, S. & Laakso, L., 2007) The proposed vision of state-building is the construction or reconstruction of governance and institutions capable of providing security and welfare guarantees to the population. The editors argued that external intervention in the governance of individual states is viewed by many as a panacea for a wide range of social, economic, and political problems. Examples include post-conflict resolution in countries such as Bosnia and Herzegovina, Kosovo, Afghanistan, and Iraq, as well as international support for fragile states, particularly through state capacity-building programs implemented by organizations such as the Millennium Challenge Corporation (USA), the World Bank, and the IMF through poverty reduction strategies. (Chandler, D., Chesterman, S. & Laakso, L., 2007)

This particular journal is still in operation, however, the very sense of the original aim seems to have seriously changed over the years. This can be proven by the titles of the latest articles as of spring 2024 such as A Queer Response to 'the Moral Untouchability of the Responsibility to Protect' (Gifkins, J. & Cooper-Cunningham, D.), The Home Stay Exhibitions: The Home and the

Image as Hyperlocal Sites of Peacebuilding (Fairey, T.) There is even a piece on something along the lines of Statebuilding and the Modernisation of Welfare Governance in Russia that does not deserve proper citation due to its perceived inadequacy in 2024.

Another example of a short-lived journal exploring similar topics is "Resilience: International Policies, Practices and Discourses", established in 2013 [then under the title "Resilience"). In the introductory statement by editor D. Chandler, who was one of the founders of the aforementioned "Journal of Intervention and Statebuilding," a wide range of issues were outlined. These included practices of conflict prevention, state capacity-building, and other social, political, environmental, and geographical aspects that are less related to state fragility consequences. (Chandler, D., 2013)

However, in 2019, the last issue of the journal was published, indicating a shift in attention to this issue among both scholars and practitioners in the political arena.

These two concepts—resilience and statebuilding—are interconnected, as the emergence of resilient institutions is a direct result of successful statebuilding operations. Moreover, the very concept of resilience was spearheaded by international organizations such as DAC OECD, and financial institutions (IMF, World Bank) as an antonym to state fragility.

The lack of eagerness to intervene directly in what OECD since recently calls fragile contexts (OECD, 2020) is translated into the US foreign policy by the whole legal ordeal with the Global Fragility Act (2019) The researchers from CSIS call it a landmark piece of legislation to reform the way the U.S. government conducts conflict prevention and stabilization operations. Its very preparation and adoption mark a significant shift in the US foreign affairs perspective. The act seeks to harness the full spectrum of U.S. diplomacy, assistance, and engagement over a 10-year horizon, with the overarching goal to help countries move from fragility to stability and from conflict to peace. (Christianson, J., Herdt, C., & Nadolny, G., 2023)

This document is usually considered in tandem with the 2020 United States Strategy to Prevent Conflict and Promote Stability (US State Department, 2020). The consistency of the politics towards fragile states is later reiterated in NSS under the Biden administration. (United States, 2022)

Conclusions. The discourse on state fragility was sparked by the disruptions in the international relations system post-1991. Since then, the term has survived different iterations, categorizations, and approaches from varying parties.

Securitization of many international political issues was a characteristic feature in the speeches of politicians and the works of scholars of international relations after the terrorist attack of 2001. Indeed, this event demonstrated the fact that the absence of stability and order in one region of the world crosses state borders, and is transnational. Such an examination of key international relations issues, i.e. growing instability in various regions and state fragility quickly led to the usage of the concept of "intervention" in the rhetoric of many officials.

Later such an approach was further ardently supported with Afghanistan and Iraq interventions by those in favor of such actions. At the same time, the view that existing and future international security challenges would stem from fragile states rather than global players seems to have been an exaggeration influenced by the context of that time.

Later the discourse of development-security nexus was transformed into the conflict prevention mechanism, characterized particularly by the militarization of relationships between key donors and different fragile states.

The failing attempts to establish effective, and, most importantly, Western-type states in different regions turned into failed, prolonged and costly interventions. After two decades of trying to solve fragility with force, the international community has finally come to the conclusion that state fragility might not pose existential threats to security. Therefore, the argument can be made that intervention as a method of solving the issue of state fragility proved too costly and ineffective in chosen cases. Reassessment of such approaches led to a change in foreign policy vision in the United States. Currently, the prevention of conflict is of higher importance and serves as a first priority policy - at least as declared.

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УДК 327.8+32.019.5:351.774.7(73:470:47+57)COVID-19

DIPLOMACY AS AN INSTRUMENT OF GEOPOLITICAL RIVALRY BETWEEN THE USA AND THE RUSSIAN FEDERATION FOR INFLUENCE IN POST-SOVIET COUNTRIES DURING THE COVID-19 PANDEMIC

ДИПЛОМАТІЯ ЯК ІНСТРУМЕНТ ГЕОПОЛІТИЧНОГО СУПЕРНИЦТВА США І РФ ЗА ВПЛИВ У ПОСТРАДЯНСЬКИХ КРАЇНАХ ПІД ЧАС ПАНДЕМІЇ COVID-19

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Abstract. *The article considers how the COVID-19 pandemic has become the basis for geopolitical rivalry between the Russian Federation and the United States for influence among the post-Soviet countries. The article examines how the United States and Russia are using coronavirus diplomacy as a soft power, in particular through the supply of medical equipment, protective equipment, vaccines and financial assistance, to shape their positioning and improve their image among the countries of the region. In addition, the article analyses the strategic interests of the United States and Russia in the post-Soviet space, describes the diplomatic steps taken by both countries to assist other countries during the COVID-19 pandemic, compares the effectiveness of their coronavirus and vaccine diplomacy, and assesses the attitude of post-Soviet countries to the diplomatic initiatives of the United States and Russia.*

Keywords: *COVID-19 pandemic, coronavirus diplomacy, vaccines, geopolitical influence, soft power, USA, Russian Federation, post-Soviet countries.*

Анотація. *У статті розглядається, як пандемія COVID-19 стала підґрунтям для геополітичного суперництва між Російською Федерацією та Сполученими Штатами за вплив серед країн пострадянського простору. Піднімається питання використання США і Росією коронавірусної дипломатії як м'якої сили, зокрема через поставки медичного обладнання, засобів захисту, вакцин та фінансової допомоги, для формування свого позиціонування та поліпшення іміджу серед країн регіону. У статті аналізуються стратегічні інтереси США і РФ на пострадянському просторі, розглядаються дипломатичні кроки обох держав щодо надання допомоги іншим країнам під час пандемії COVID-19, порівнюється ефективність їхньої коронавірусної та вакцинної дипломатії, а*

також оцінюється ставлення країн пострадянського простору до дипломатичних ініціатив США і РФ.

Ключові слова: пандемія COVID-19, коронавірусна дипломатія, вакцини, геополітичний вплив, м'яка сила, США, Російська Федерація, пострадянські країни.

Introduction. The outbreak of a new type of coronavirus disease, later called COVID-19, its rapid spread around the world and the declaration of a pandemic by the World Health Organisation have had a significant impact on various aspects of life in entire countries. The COVID-19 pandemic has forced almost the entire world to reconsider its policies on border openness and cooperation between countries, in particular, in overcoming the consequences of the disease. Many countries have suffered from high mortality rates due to inaccessibility of medical services, poor healthcare systems, lack of protocols for preventing the spread of the disease and responding to outbreaks, insufficient personal protective equipment, medical equipment, vaccines, etc.

However, any crisis opens up new opportunities, especially such a global crisis. Global actors in international relations have been able to project their influence on different countries and regions, as well as strengthen their trade, economic and political ties with a number of countries, thanks to diplomacy, which has subsequently received different names in the public environment: coronavirus diplomacy, vaccine diplomacy, pandemic diplomacy, etc. In the times of the global crisis, diplomacy played a key role, becoming not only a tool for assistance, but also a tool for strengthening relations between countries and increasing the influence of some actors in international relations on others. The states that had the opportunity to use this tool were, in particular, the United States of America and the Russian Federation. They both competed for leadership in the development of vaccines against coronavirus disease, competed for the number of vaccines delivered and the number of countries that were ready to receive these vaccines. In addition, it is important to mention other means of increasing American and Russian influence, such as covering humanitarian needs and providing financial aid and loans.

Post-Soviet countries have long been in a situation where the interests of the United States and the Russian Federation collide in the same region and where they compete for influence over the countries and the region as a whole. And the COVID-19 pandemic is no exception.

Purpose of the article is to analyse how the COVID-19 pandemic has become the basis for competition between the United States and Russia for influence in the post-Soviet region. The article explores how both countries use coronavirus diplomacy, namely the supply of medical equipment, protective equipment, vaccines, and other resources to influence countries in the region, with the aim of shaping their own positioning and improving their image among regional powers.

Literature review. As the problem of the coronavirus pandemic is a relatively new topic, and the World Health Organization only cancelled the International Health Emergency in 2023, there is not much research on the use of humanitarian aid during the COVID-19 pandemic as a tool for increasing geopolitical influence. The available literature mainly describes such phenomena as "coronavirus diplomacy", "vaccine diplomacy" (Bocchi, 2020) (Giusti & Ambrosetti, 2023) (Banco & Herszenhorn, 2021) (Kazharski & Makarychev, 2021), or focuses on the use of diplomacy in times of pandemic as a "soft power" (Filipović, 2024). In addition, some of the published materials are devoted to the study of the diplomatic strategies of individual countries (the United States, China, Russia, India) to provide humanitarian assistance during the pandemic (Filipović, 2024), and to the comparison of coronavirus diplomacy between the United States and China as two global leaders (Bocchi, 2020). At the same time, the issue of competition between the United States and the Russian Federation in organising humanitarian aid during the pandemic and the use of coronavirus/vaccine diplomacy by these two states to strengthen their geopolitical influence, particularly in the post-Soviet space, has received very little attention in the existing literature. It is important to note that in addition to scientific works, the author used material from media such as the BBC, AP News, Reuters, The Independent, Ukrainska Pravda, Suspilne, as well as press releases and other materials from government agencies and international organisations to write this article.

Main results of the research. The COVID-19 pandemic has become a factor that has triggered changes in international relations. Countries have imposed various restrictions on both their own citizens and foreigners, thereby trying to limit the movement of people and reduce the spread of the coronavirus disease. This created certain problems in communication between states, as mistrust of each other grew. Another crisis in relations between states was the need to evacuate their citizens from other states who found themselves in a difficult situation: they could not return home due to the suspension of transport links between countries. In addition, states had to look for joint solutions to combat the pandemic, including sharing medical knowledge and resources, coordinating measures to restrict travel and other human contacts, and working together to develop vaccines. While economically and politically strong countries were able to cover these needs on their own, less capable ones faced certain difficulties.

The COVID-19 pandemic has become a catalyst that has led to a qualitative change in the international political situation in the world. In addition to the problems of economic recession and the disruption of logistics routes due to numerous restrictions, the pandemic has exacerbated the competition between individual actors in international relations for influence and status in the international arena. How the state dealt with the consequences of the pandemic, how it was involved in global aid initiatives, and how ready it was to support others affected its positioning in the world. The pandemic has significantly intensified the competition between the US, Russia, China, India and other countries for influence on other countries. If we are talking about the post-Soviet space, the United States and the Russian Federation were actively competing with each other in this region.

For them, this crisis has become both an opportunity to increase their influence in countries where they already had a strong position and an opportunity to expand to other regions, thereby gaining an advantage over competitors. Both the United States and Russia have been actively involved in helping other countries overcome the pandemic. These two countries began to engage actively in their coronavirus and later vaccine diplomacy both globally and in post-Soviet countries in particular.

The active involvement of states in helping other countries to cope with the consequences of the COVID-19 pandemic has received a number of definitions in the media and public space: from coronavirus diplomacy itself (Bocchi, 2020) (Giusti & Ambrosetti, 2023, p. 212), when countries supplied protective equipment and provided financial assistance, to more specific ones, such as vaccine diplomacy (Banco & Herszenhorn, 2021) (Kazharski & Makarychev, 2021, p. 132), which primarily described agreements between states to supply coronavirus vaccines. All of these definitions describe the same phenomenon: the use of humanitarian aid by states to overcome the consequences of the rapid spread of the coronavirus as a tool to increase their own influence. Countries have regarded the use of supplies of vaccines, tests, medical equipment, and personal protective equipment (PPE) as a way to strengthen political and economic relations with each other. In addition, it is possible to look at how COVID-19 vaccines were supplied: the priority of vaccine provision, quantities and terms of supply were directly related to the nature of bilateral relations between countries.

If we ignore the purely humanitarian aspect of such diplomacy, which is related to saving lives, and consider coronavirus and vaccine diplomacy as a tool for promoting geopolitical interests, the goal of such diplomatic work is to strengthen its own image among other countries, increase its influence on particular countries and regions, and strengthen international initiatives and coalitions of states. Every component of coronavirus diplomacy (including the supply of vaccines) was part of achieving political and economic goals.

Great powers, such as China, the United States, and the Russian Federation, have begun to offer their humanitarian aid to other countries. For example, China has begun to help less developed countries in Asia, Africa, and Latin America that were unable to purchase expensive American or European analogues of PPE, vaccines, and equipment. Since Chinese vaccines (e.g. CoronaVac) were produced using standard methods (containing a dead virus inside) (The different types ..., 2021), they were cheaper and could be produced in large volumes. Through active diplomacy,

China has tried to whitewash its reputation, especially among countries in the Global South, after the story of the emergence of the virus in China itself.

The Russian Federation followed a somewhat similar approach. They developed a vector vaccine (containing special modified virus particles), which shortened the speed of the emergence of these vaccines (The different types ..., 2021). However, the directions of vaccine supply were closely linked to the countries with which Russia has friendly and close relations. Russian vaccines were exported to post-Soviet countries, as well as to Latin America, Asia and even Hungary. The Russian Federation also supplied its vaccines to the occupied territories of Ukraine and Georgia (Giusti & Ambrosetti, 2023, p. 220). On the other hand, the United States developed innovative mRNA vaccines that were more expensive and took time to create (The different types ..., 2021), thus automatically cutting off poor countries that did not have the means to buy such vaccines. It is also worth noting that the United States supplied a significant amount of vaccines to the domestic market, wanting to immunise its own citizens first. This created a negative image among other countries about the US strategy to overcome the pandemic in the world (Massie, 2021). Nevertheless, the United States has been actively assisting with the supply of PPE, equipment, and vaccines, as well as providing financial assistance to its allies and partners in the world, trying to counteract the active efforts of China and Russia in this area.

The post-Soviet countries have long remained a kind of "backyard" of the Russian Federation, where official Moscow has had undeniable influence on the political life of the region. However, other global actors have been methodically trying for years to gain a foothold in the region and compete with Russia for influence.

The United States is one of the countries with its own strategic interests in the post-Soviet space. The United States has sought to be present in the region through economic cooperation, trade cooperation, political arrangements, and military and security partnerships. The COVID-19 pandemic, as well as the subsequent diplomatic work, was an opportunity for the United States to intensify the use of so-called soft power to increase its influence on the region and processes in it (Filipović, 2024, p. 60).

The United States has always tried to integrate post-Soviet countries into the international system by transforming them into democratic countries with stable political and economic systems (Courtney & Shatz, 2021), which should reduce their dependence on the Russian Federation.

Countering Russian influence is one of the key issues for the United States. Since the US rejects the possibility of a direct confrontation with Russia in order to reduce its potential, Washington acts by supporting political, security and economic initiatives with individual countries in the region to increase their capacity and turn them towards the US instead of the Russian vector. Thus, the United States actively supports the movement of the countries of the region (primarily Ukraine and Georgia) towards integration into European and Euro-Atlantic structures (although in practice it postpones the moment of their integration into the North Atlantic Alliance).

Moreover, the United States invests in financing infrastructure facilities and helps to diversify hydrocarbon supplies to and from the countries of the region in order to reduce their dependence on Moscow's services, which uses economic leverage to influence the political situation in the region. And it should not be forgotten that the United States has contributed to the development of civil society in these countries, built on democratic and liberal foundations (Courtney & Shatz, 2021), which in turn challenges Russia's development vector and creates tensions in the region.

On the other hand, the Russian Federation has always regarded the post-Soviet countries as a traditional sphere of influence. Moscow has always sought to control all regional processes and to maintain its dominance in the region through economic, political and security mechanisms. Russia actively opposes the attempts of Western countries, especially the United States, to integrate the countries of the region into their political and economic projects, seeing this as a threat to its own dominance and security.

The Russian Federation uses security and economic factors to keep the countries of the region in its orbit. For example, Russia has included a number of countries in the Eurasian Economic Union in order to strengthen economic ties with Belarus, Armenia, Kyrgyzstan and Kazakhstan, and

Moscow keeps a number of countries in the region in the Collective Security Treaty Organisation, thus ensuring its military presence in CSTO member states and opening up the possibility of influencing their defence policies.

It is worth mentioning the instruments used by the US and Russia to promote their interests in post-Soviet countries. While Washington acts through financial assistance and investments in capacity building in regional countries, through political and diplomatic support of their governments and work with civil society, Moscow primarily uses the opportunities of its military presence in some countries, supports pro-Russian forces and governments to maintain its influence in these countries, and integrates them into its economic projects in order to guarantee markets for goods and services and access to the resources of these countries.

The COVID-19 pandemic and the necessity to overcome its consequences have opened up an additional instrument for the United States and the Russian Federation to influence the foreign policy of some post-Soviet countries and their own positioning, thus opening up a new opportunity for competition for influence in the region.

The United States used assistance to other countries to overcome the consequences of the pandemic to strengthen its own influence. If looking at the transformation of the United States' attitude to the issue of aid, it is possible to observe a change in public policy from the isolationist position (America First) to the policy of global cooperation (Filipović, 2024, p. 63). In general, the first months of the pandemic had an extremely negative impact on the US position. This was due to the unresponsive policy of the then US President Donald Trump's administration, which didn't actively support the coronavirus restrictions imposed in the states and was sceptical about vaccination against COVID-19. In addition, there was no coordination between the White House, the US Department of Health, the Centers for Disease Control and Prevention (CDC), and other relevant agencies on how to respond to the spread of coronavirus disease in the country and what containment and prevention measures should be implemented (Filipović, 2024, p. 64). Trump's policy echoed among his core electorate, which also began to disregard the CDC's recommendations, leading to an increase in the number of infected people and hospitals being unable to provide quality care to all patients. Accordingly, this created an image of a country that could not cope with a pandemic disease, unlike the authoritarian Russian Federation and China, which showed pictures of successful countering the threat.

Nevertheless, after the 2020 presidential election, the US vaccine trials, and the start of the vaccination campaign, the United States started to engage more actively with other countries through its coronavirus and vaccine diplomacy, thereby improving its image and achieving greater influence. The United States has improved relations with the WHO, which had cooled during the Trump administration (Filipović, 2024, p. 64). This allowed Washington to rehabilitate itself and take the lead in vaccine donations through international initiatives.

The United States, being one of the leaders in the invention and production of vaccines against coronavirus disease (several American companies such as Moderna, Pfizer, Johnson & Johnson worked on the development of vaccines), used this resource as a tool to strengthen its positions in post-Soviet countries.

When it comes to vaccine supply, this story can be divided into two episodes. The first is the US participation in the global COVAX initiative launched by the WHO to ensure equal access to vaccines for people around the world (COVAX explained, 2020). Post-Soviet countries also actively participated in this programme as recipients of such assistance and received the US vaccines for use. The US participation in COVAX (The White House, 2021) created the impression of Washington's readiness to stand in solidarity with other countries and improved the country's overall image in the world and among post-Soviet countries in particular. In return, countries of the post-Soviet region were able to immunise themselves using innovative American vaccines. Ukraine, Moldova, Tajikistan, Uzbekistan, and Kyrgyzstan took advantage of the opportunity to receive the US vaccines through the COVAX programme. For example, the United States provided Ukraine with almost 6.7 million doses of Comirnaty (the name of the Pfizer/BioNTech vaccine) and Moderna vaccines. Moldova received 458,000 doses of vaccines from the United States, Tajikistan

– more than 4.1 million doses, Uzbekistan – more than 9.6 million doses, Kyrgyzstan – more than 458,000 doses. These countries received 100% of the vaccines from the United States through the COVAX initiative (COVID-19 Vaccine Donations).

In addition to supplying vaccines under COVAX, the United States has also provided direct vaccine supplies to post-Soviet countries through bilateral agreements (The White House, 2021). For example, Georgia and Armenia received significant batches of the US Moderna and Comirnaty vaccines, which significantly eased the epidemiological situation in the countries and strengthened bilateral relations with the US and attitudes towards Washington. The United States donated more than 503,000 doses of vaccines to Georgia, and Armenia received 306,000 doses (COVID-19 Vaccine Donations).

Between May 2021 and February 2024, the United States donated more than 639 million doses of vaccines to 117 countries and economies around the world, both in partnership with other countries through global initiatives such as COVAX and bilateral agreements (COVID-19 Vaccine Donations).

However, the US coronavirus diplomacy was not limited to vaccine diplomacy. The United States has also provided humanitarian aid to post-Soviet countries to help them overcome the pandemic in the form of medical equipment, COVID-19 tests, PPE, and mechanical ventilation devices that post-Soviet countries lacked and that helped local health systems to withstand the impact (U.S. Provides new Vaccine Freezers..., 2021).

The United States has also provided financial support to countries in the region in the form of grants, loans, and technical assistance. The COVID-19 pandemic has hit the economies of post-Soviet countries hard, leading to the so-called coronavirus crisis. These funds were used to support the economy, finance business needs, and to maintain medical infrastructure and pay healthcare workers (U.S. Provides new Vaccine Freezers ..., 2021).

Such comprehensive assistance was meant to show the US's willingness to support its partners. The supply of vaccines and humanitarian aid helped the United States to strengthen its configuration of influence on regional partners, and the countries that received support from Washington began to interact more with the United States, thereby increasing their dependence on it. In addition, assistance in the fight against the pandemic has led to some improvement in the perception of the United States in these countries, which has helped to increase trust in the United States and strengthen its position in the region. Through the provision of financial and humanitarian support, the United States was able to influence the political life of the countries and to promote democratic values and principles, which is in line with official Washington's strategic interests.

The Russian Federation also kept up with other global players and actively used the COVID-19 pandemic to increase potentially its influence in other countries, including post-Soviet states, although it did not succeed as well as Russian officials might have intended.

An important instrument of the Russian diplomacy during the coronavirus pandemic was the Sputnik V vaccine (Kier & Stronski, 2021). It is worth noting that the process of creating the Russian vaccine had a number of international scandals. For example, in mid-2020, information emerged about Russia's industrial espionage in Western countries to obtain data on the development of local vaccines (Fox & Kelion, 2020). Nevertheless, despite these leaks, the Russian Federation was one of the first countries in the world to introduce its own version of the coronavirus vaccine (Saari, 2021). By doing so, Moscow created the appropriate image of a powerful country with advanced medicine, which was supposed to influence the decision of countries around the world to purchase the Russian vaccine. In addition, it was supposed to show that the Russian model of organising society, including the influence of the power vertical on all processes, is more appropriate for solving global problems such as the pandemic and vaccine development, unlike the Western liberal democratic system (Kazharski & Makarychev, 2021, p. 134) (Saari, 2021).

The Sputnik V vaccine is a vector vaccine that contains a modified virus protein (The different types ..., 2021). This made it easier to produce and lower the cost, unlike the American vaccines, which played into Russia's hands, as more countries could afford to buy Sputnik V (Saari, 2021). It was also noted that this vaccine does not have special conditions for transportation and

storage, unlike Western samples. In other words, post-Soviet countries could choose the Russian vaccine and not spend extra money on special temperature containers, which significantly reduced the cost of mass vaccination for them, but also made them dependent on Russia.

It should be clarified that Russia produced and exported not only Sputnik V, but also its lighter version Sputnik Light, as well as the EpiVacCorona and Kovivak vaccines (Filipović, 2024, p. 77). However, these vaccines were introduced to the market after short-term trials (for example, none of the vaccines had completed 3 stages of trials before registration), which made it difficult to be sure of their safety. It is also important to note that neither the WHO nor the EU approved Russian vaccines, which raised suspicions about the effectiveness of these vaccines, which negatively affected the image of the Russian Federation during the pandemic (Filipović, 2024, p. 77).

Nevertheless, the Russian Federation provided its own vaccines to post-Soviet countries in order to strengthen bilateral relations and expand its influence ("Vaccine diplomacy"..., 2021). The recipients of Russian vaccines were Belarus, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan (How the vaccination is going..., 2021) (Saari, 2021). These supplies shaped the image of the Russian Federation as a country that is ready to meet the needs for urgent medical resources. In addition, Russia also supplied its own PPE and coronavirus tests to Belarus, Kyrgyzstan, Uzbekistan and other countries, which helped them survive several waves of the pandemic (Saari, 2021). For example, public opinion polls were conducted in Central Asian countries on Russia's role in the fight against the pandemic. Thus, the majority of respondents said that for them, Russia was the country that helped them the most in overcoming the consequences of COVID-19 (Filipović, 2024, p. 77).

It is also worth mentioning that the Russian Federation also supplied its own vaccines to the occupied territories of Ukraine and Georgia - parts of Donetsk and Luhansk regions, as well as Abkhazia and South Ossetia (Giusti & Ambrosetti, 2023, p. 220), although Ukraine, for example, did not allow the registration of such vaccines.

In addition, the Russian Federation has facilitated the launch of local production of the Sputnik V vaccine in Kazakhstan at the Karaganda Pharmaceutical Complex, as well as in Uzbekistan and Belarus (Belarus is going to produce..., 2021) ("How the vaccination is going...", 2021), thus creating the image of a country that is not only ready to share its vaccines with other countries, but even help others produce these vaccines themselves (Filipović, 2024, p. 77).

To summarise, the Russian Federation actively worked with the countries of the post-Soviet region, urging them to give preference to medical supplies and vaccines from the Russian Federation. An important aspect of the choice of Russian analogues was the relatively low cost and readiness of the Russian Federation to quickly meet the needs (although there were problems with this, too). At the same time, questions were raised about the effectiveness and safety of Russian vaccines, as they had not passed all stages of research and had not received WHO approval for emergency use (Kier & Stronski, 2021). Nevertheless, Russia's active coronavirus diplomacy fulfilled its main goal of maintaining and strengthening its influence on post-Soviet countries, including increasing their economic dependence on Moscow.

Both the United States and Russia have tried to make the most of coronavirus diplomacy to their advantage. Both states have supplied personal protective equipment, tests, medical equipment and vaccines to post-Soviet countries in the hope of improving their own image and increasing their credibility among the countries of the region.

Both countries have faced difficulties in this process and have gained some benefits. Unlike China, for example, the United States did not immediately embark on the path of organising assistance to other countries, primarily because of the then-presidential administration of Donald Trump, who is known for his isolationist views. As a result, the US did not immediately join the global COVAX initiative, which provided vaccines to less affluent countries. Only the election of Joe Biden changed the situation, but the reputation of the United States was undermined. Nevertheless, Washington managed to change the situation for itself, becoming the largest donor of funds for COVAX – \$4 billion was allocated (Madhani, 2021).

In turn, the Russian Federation tried to become one of the first to invent a vaccine and supply it to other countries, thereby demonstrating the success of its development model and improving its reputation in the international arena after the annexation of Crimea and the war in Donbas. And such a rapid release of the Sputnik V vaccine was supposed to contribute to this. However, the lack of research on the vaccine, questions about its safety and effectiveness have affected Russia's positioning as a country that can effectively counter such global crises and generated distrust. In response, Russia has tried to influence the perception of US vaccines and change attitudes towards Russian counterparts through various disinformation attacks and information operations, but it is difficult to assess the impact of such campaigns on other societies (Kazharski & Makarychev, 2021). It was more likely to work for a domestic audience.

There have been no dramatic changes in spheres of influence as a result of coronavirus diplomacy. The United States actively helped its partners in the region - Ukraine and Georgia - who refused to accept Russian vaccines, given their difficult relations with Russia. Instead, the Russian Federation actively cooperated with the Central Asian countries, Armenia and Belarus, which are traditionally part of its sphere of influence. Each of the countries received significant supplies of Russian vaccines (Kazakhstan asks Russia..., 2021) ("Sputnik V" and AstraZeneca..., 2021), and some countries even started producing these vaccines in their own countries (How the vaccination is going..., 2021). In addition, when it comes to Central Asian countries, Moscow was also interested in providing humanitarian aid because residents of these countries are cheap labour for Russia. Russia cooperated with the governments of these countries to, firstly, prevent them from leaving their sphere of influence; secondly, to prevent other global players from entering; and thirdly, to reduce tensions between Russia and these countries by restricting the movement of residents of these countries to Russia due to coronavirus requirements. Moreover, the launch of local production of vaccines in these countries would demonstrate Russia's readiness to address comprehensively global issues, showing good intentions.

Conclusions. As global actors in the international arena, the United States and the Russian Federation could not afford not to engage in coronavirus diplomacy during the pandemic. Official Washington and Moscow used humanitarian aid, including the supply of vaccines, medical equipment, and PPE, as a tool to increase their influence in the region. This form of diplomacy allowed the Russian Federation and the United States to consolidate their presence and improve their positioning.

The United States focused on using the global COVAX initiative to help other countries, which highlighted its positioning as a global leader in responding to the pandemic. The Russian Federation, in turn, used the Sputnik V vaccine as a symbol of its achievements and an instrument to strengthen bilateral relations. Moscow supplied vaccines to friendly countries on preferential terms, reflecting Russia's intention to strengthen its geopolitical position.

However, the competition between the US and Russia did not affect the geopolitical dynamics of the region: pro-Western Ukraine and Georgia, which have difficult relations with Russia, tended to receive aid from the US, while countries such as Belarus, Armenia, and Central Asian countries, which have close (and sometimes dependent) relations with Russia, were more focused on aid from Russia. In other words, the choice of a donor country depended on the nature of bilateral relations between the donor and the recipient.

Nevertheless, the pandemic has become an opportunity for the US and Russia to compete with each other for influence, using soft power. Washington and Moscow's use of coronavirus diplomacy, particularly in the post-Soviet space, reflects a new level of global competition for influence and power. Considering the examples of diplomatic work of the United States and Russia in the region during the pandemic, it can be said that humanitarian diplomacy is becoming an important aspect of geopolitical strategy that can influence international relations and the balance of power.

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УДК 321

THE DOLLAR AS A TOOL OF US FOREIGN POLICY

ДОЛАР ЯК ІНСТРУМЕНТ ЗОВНІШНЬОЇ ПОЛІТИКИ США

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Abstract. *The article examines the role of the American dollar in the system of international relations and its impact on the foreign policy of the US. The author analyzes the historical and contemporary aspects of the use of the dollar as an instrument of economic pressure and diplomatic influence. The work discusses the mechanisms by which the United States uses its currency to advance national interests in the global arena, including sanctions policy, control over financial institutions and the dollar dependence of world markets. Particular attention is paid to the analysis of the effectiveness of these strategies and their consequences for the global economy and international relations. The author comes to the conclusion that the dollar remains a powerful instrument of US foreign policy influence, but its influence is associated with growing demands from other economic powers and the trend towards dedollarization of the world economy.*

Key words. *Money, dollar, institutional structures, creditors, level of public debt, chip, USA - China relationship.*

Анотація. *У статті розглядається роль американського долара у системі міжнародних відносин та його вплив на зовнішню політику Сполучених Штатів. Автор аналізує історичні сучасні аспекти використання долара як інструменту економічного тиску та дипломатичного впливу. У роботі обговорюються механізми, за допомогою яких США використовують свою валюту для просування національних інтересів на глобальній арені, включаючи політику санкцій, контроль над фінансовими інститутами та доларову залежність світових ринків. Особлива увага приділяється аналізу ефективності даних стратегій та їх наслідкам для глобальної економіки та міжнародних відносин. Автор приходять до висновку, що долар залишається потужним інструментом зовнішньополітичного впливу США, проте його вплив стикається зі зростаючими викликами з боку інших економічних держав та тенденцією до дедоларизації світової економіки.*

Ключові слова. *Гроші, долар, інституційні структури, кредитори, рівень державного боргу, чип, відносини США – Китай.*

Introduction. The category «money» in modern political thought has the character of a surprisingly slippery concept due to the lack of a simple way to define and measure this phenomenon. For different scientists, this term means the most diverse and often not summarized things. Political economists empirically classify money into different categories depending on who issues it (government or private banks), how easy it is to use (checking account or certificate of deposit), or how it functions as a means of saving (risky or not). At the same time, in modern conditions, a consensus has been established regarding the existence of two different but closely related dimensions: real and monetary economy. In this article, we will focus our attention on the political aspects of the latter.

The purpose of research. To systematize knowledge about the advantages and disadvantages of the dollar as a tool of US foreign policy, because in the current political science literature there is a need to revise the view of the dollar's place in US foreign policy.

Literature review. Note that this topic attracts the attention of researchers in waves. The first wave was at the beginning of the 20th century, when scientists studied V. Taft's «Dollar Diplomacy». Since the economy has changed radically since then, now the whole block of knowledge on this topic is of no political value and we single it out simply as a reference point for other works (Hannigan, 1978).

The next big wave of interest may be recorded in connection with the collapse of the Bretton Woods system. Among the works that understood the place of the dollar in foreign policy at this stage of the development of the system of international relations, we can single out A. Friedberg (Friedberg, 1989) and D. Calleo (Calleo, 1989), who emphasized that while the whole world lives in Pax Americana, American foreign policy is forced to somehow adapt to its own success in an ever-changing political climate. According to D. Calleo, the United States «was forced to manipulate its finances in such a way that it causes more and more damage to the American economy and threatens the liberal world economy» (Calleo, 1989).

A new surge of interest occurred in the 2000s of the 20th century, when the means of international payment was considered as an inseparable quality of the hegemon. The work of Herman Schwartz (Schwartz, 2019) demonstrates exactly how the central role of the dollar remains in the conditions of the ongoing US current account deficit and the steady deterioration of the net international investment position. First, the institutional structures resulting from late development suppress domestic demand in countries with large current account surpluses, making them dependent on external demand for economic growth. Local banks recirculate these dollars into the global economy, creating huge dollar liabilities and assets on their balance sheets. This forces them to continue to use the dollar and rely on the US Federal Reserve during crises. Second, US firms participating in the global division of production have created commodity chains in which they capture a disproportionately large share of global profits through control over intellectual property. This return supports the value and therefore the attractiveness of dollar assets. The routinization of the use of the dollar and US-controlled commodity chains create infrastructural power in the sense of Michael Mann. Such routinization maintains US geoeconomic power in the face of persistent current account deficits and rising net international debt relative to US gross domestic product.

The work of K. Norrlof (Norrlof, 2014) argues that while there is general recognition that the transfer of power from the United States to another player in the international system is a sufficient, though necessary, condition for the reversal of the dominant currency hierarchy, there is no systematic study of how power is distributed and exercised in the conversion monetary opportunities in currency influence.

At the current stage, political science examines the dollar through the prism of the collapse of the integrity of US foreign policy. Thus, the work of D. Scott and D. Carter (Scott, & Carter, 2019) examines how at the end of the 20th century the United States adapted to changes in the international arena and initiated new strategies to promote democracy by providing assistance to governments, political parties, and non-governmental organizations all over the world under the most diverse and controversial conditions.

Main research results. The starting point of our reasoning will be the statement that the money economy is part of the real economy, as it consumes and uses real resources, but at the same time, the financial sphere is also largely virtual and imaginary, because money is a «social construction» or convention that society accepts and agrees to follow.

For the purposes of our article, we will assume that every dollar in the international system originated in one of four ways: a bank created it when it issued a loan; the government created it when it spent (that is, when it had a budget deficit); the central bank created it when it bought government debt securities (or another asset); the population created it through their economic activity, having entered into the account. In the framework of our work, we exclude the last method from the analysis, because only the first three methods are clear parts of an interconnected political

system and serve not only to convert current purchasing power into future, but also a way to control the services provided by assets. Thus, the currency as a medium of exchange gives the issuer political levers of power in an effective and decentralized way over any actor of international relations, even over other countries.

In this logic, money can be considered as a way to determine who has the right to the products of the economy and the economic mechanism that produces it, and therefore to political power, because finance makes it possible to solve the problem of coordination. This is why some scholars argue that the Federal Reserve System is not an independent institution, but rather an agency of the US government, because banknotes are a form of public debt (Eichengreen, Mehl, & Chițu, 2019).

The basis of the currency leverage mechanism of the White House for political and state purposes is built on the current development of the international environment. Today, in economically active countries, the owner of the infrastructure and the issuer of the corresponding financial assets is not the local state, but the private sector asset manager outside the local level. This phenomenon in the English-language literature is called asset manager capitalism (Braun, 2022), which leads to the fact that asset managers are directly and closely related to everyday social existence, although most of the time the majority of citizens do not even realize who owns and receives income from such facilities as schools and kindergartens, roads and bridges, wind power plants and coal warehouses, waterworks and sewers, data centers and distribution networks. The extent of the influence of these economic and political agents is evidenced by the fact that only one Australian company, Macquarie, in 2022 owned the infrastructure on which more than 100 million people in English-speaking countries depended every day (Christophers, 2023).

It is believed that in this type of capitalism, it is the asset manager who decides how the asset will be used for commercial purposes: to whom to sell electricity, whether tolls should be increased, how to lease agricultural land. However, asset managers (even such large ones as BlackRock, Vanguard Group, State Street Global Advisors) mainly use dollar-denominated funds to finance their real assets. I've seen different numbers in my research, but the latest statistics I have show that at least 75% of all transactions in the world involve dollars (Bertaut, Beschwitz, & Curcuru, 2021). Although this number is questionable, we can still assume that the US dollar is the most popular currency in international settlements, which increases the White House's options.

When investing with the use of credit leverage in infrastructure or housing, the investment fund itself does not borrow money and later take on the debt, but transfers it to the balance sheet of either the company that the fund purchased or the physical asset. In addition, it is usually a so-called non-recourse debt, which means that creditors always have potential claims only on the assets that are secured. This feature of the market functioning leads to the appearance in the hands of the White House of a lever of pressure in the form of selective sanctions against private funds, which are forced to take loans for infrastructure in dollars and which, in turn, create pressure on the government plans of other countries.

There are several ways that the US government can pressure economic players for political purposes. One of them consists in the manipulation of the internal rate of return (IRR), which is strongly influenced by the terms of receiving profits: the earlier the fund receives a positive cash flow, the higher the fund's IRR. The higher the ability of government agencies to slow down profit-making, the stronger their form of influence. Funds depend on advertised returns, and if the government organizes the company in the form of inspections and investigations, there is a risk of losses. This is the reason why representatives of the State Department have such frequent meetings in Washington with companies that do business in «difficult» countries.

Other ways are that governments of many countries are forced to use the mechanisms of national and multilateral development banks to reduce risks during the creation of infrastructure projects. For the government, it's a way to delay paying for new projects by spreading the capital costs over the life of the contract, which is usually twenty-five to thirty years.

It's also a way to lower the reported level of government debt: liabilities that represent future payments to a contractor usually don't appear on the government's balance sheet. If the contractor has dollar obligations, then Washington, using the mechanism of blocking or denying access to

services, can influence him regarding investment projects, which forces host countries to enter the bond market, where an additional financial burden of increased interest rates on public debt is created.

The dollar lever works in such a roundabout way, because the regulator does not have tools that would directly affect economic activity. The US can engage in cajoling, cajoling, persuading, and sometimes even threatening, but it cannot dictate or control direct economic outcomes. The dollar's greatest strength in foreign policy - the fact that it relies as much as possible on a decentralized market economy - is also its greatest limitation.

Summarizing the above, there is reason to believe that US governments in the foreign arena use the dollar for three purposes: redistributing income, encouraging or discouraging certain activities, and regulating aggregate demand.

The key idea behind «dollar» policy is that by controlling one financial variable (interest rate, access level, or exchange rate), the White House can, for political purposes, indirectly influence the entire array of financial indicators of assets - that is, financial economy-wide conditions of greatest importance to both economic and political activity, such as consumer and mortgage loans, or corporate loans for investment (Nair, & Sturzenegger, 2023).

This makes it possible to distort the natural result of the markets in political rivals. Small, at first glance, random differences in «initial conditions» can determine which of many potentially successful firms will eventually win in international markets. For complete clarity, this aspect is best demonstrated on the example of the political struggle surrounding the protection of the USA's position in the chip production market.

From the beginning, Washington's foreign policy strategists used complex semiconductor supply chains as a tool to link Asia to the American-led world (Miller, 2022). At the beginning of the 21st century, a typical chip might be designed from blueprints in Great Britain by a team of engineers in California and Israel, using software from the United States, and then sent to a factory in Taiwan, where ultrapure silicon wafers and special gases are delivered from Japan. The structure is carved out of silicon using equipment that is produced by only five companies in the world: one Dutch, one Japanese and three American. The chip is then packaged and tested in Southeast Asia, and then shipped to China in a phone or computer.

In this way, international capital not only created products in an innovative way, but also united countries in a network, at the center of which was the United States, which regulates access to high-tech productions of modern electronics (Norloff, 2010; Mallaby, 2022). South Korea and Japan got their electronics industries only because the White House promoted deep integration of local industries with businesses in California (Miller, 2022).

Until the mid-2020s, the United States still holds the lead in the production of computer chips, although its position has weakened dangerously, which affects the country's foreign policy position. America's hegemony is largely related to its advantage in high-precision attack systems, which makes it possible to compensate for the numerical minority of the American military, for example, in front of China and India. Without a gap in electronics from competitors, leadership in the military sphere is impossible.

However, leadership requires a lot of resources. Already in the 80s of the 20th century, the construction of advanced production facilities was extremely expensive, so the cost of credit was extremely important. The chip of each subsequent generation appeared about once every two years, which required new capacities and new equipment. These are costs that have had to be maintained even during industry downturns. Despite the fact that maintaining costs is devastatingly expensive, stopping investment even for one year threatened to lose market share to competitors. It was the help of the state through the printing of dollars and the provision of defense orders for them that helped the American electronic industry to survive competition with Japan in the 1980s.

Because the dollar acts as the world's currency, the US, using its ability to print dollars, can influence other countries through economic sanctions, aid to its companies, or pressure on global financial institutions. Printing dollars for programs to support their companies is not only a financial

operation, but also a powerful tool that contributes to increasing the competitiveness of high-tech companies in Washington on the world stage.

By increasing the dollar supply, the White House can provide its tech giants with access to more profitable financial resources. Cheap financial flow allows you to invest in research and development, expand production and scale your innovative products without high risks of losses. Moreover, the position of the dollar as a world reserve currency ensures stability in international financial relations, which contributes to the attraction of foreign investments in the technological sector of America (Schwartz, 2019). This creates favorable conditions for the growth and development of high-tech companies, making them more attractive to investors and partners, which creates an advantage in maintaining leadership in those areas that are important for maintaining hegemony, since all modern military power is based on economic innovation and technology.

Such mechanisms allow the US not only to protect its national interests and maintain its alliances, shaping the global political landscape in accordance with its strategic goals, but also to guarantee itself a comfortable place in the international division of labor.

At the same time, the problem of maintaining technological leadership as a basis for political leadership has not gone away: each generation of improvement makes factories more expensive, forcing advanced manufacturers to spend increasingly large sums to implement a new, more advanced production process about once every two years.

More and more expensive equipment is required to produce each transition. Already in the 2010s, the construction of one factory cost more than 20 billion dollars (Miller, 2022), which leads to a situation where no single country can single-handedly create an entire chip production line, and this, in turn, leads to the fact that all countries of the world are incredibly dependent on foreign products designed and manufactured in the USA or one of its allies.

Even countries like China are forced to rely on foreign chips made in direct rivals. Any attempt by Beijing to review its position and find a way to develop and produce its own high-tech products faces resistance from other countries, primarily the United States (Ernst, 2020).

For example, the administration of D. Trump first fabricated accusations of industrial espionage, later blocked all American supplies, and then put pressure on Tokyo, which led to the blocking of the necessary supplies to the most advanced Chinese firm at that time, Fujian Jinhua. Despite the fact that a court in the USA in 2024 proved the innocence of the technological giant, it was ruined in just 6 months after the introduction of sanctions.

When Washington began to fear that the prices of Huawei's products were so attractive, thanks to Chinese government subsidies, that they would soon form the basis of next-generation telecommunications networks and that America's dominance of the world's technology infrastructure would be undermined, an entire company was organized in the form of a series of sanctions against the company (Bu, 2024). President Donald Trump has signed an executive order declaring a national emergency in connection with threats to information and communication technologies and services. The order effectively banned US companies from using telecommunications equipment made by manufacturers that pose a threat to national security, which was widely interpreted as targeting Huawei. Now, any American company had to first get permission to receive money on account from the US Department of Commerce before fulfilling its obligations. These measures have seriously affected the business of the Chinese giant, limiting access to key technologies and creating obstacles to global growth and competitiveness. Moreover, when such companies lose market share or need financing, they cannot afford the luxury of focusing on the long term and fall out of the race for global leadership.

In political science, it is often believed that the US only benefits from its status as the dominant reserve currency in the world, and the example of Fujian Jinhua shows how effective the dollar can be in US foreign policy, but the goals of our article also involve describing what burdens the dollar creates for Washington as means of global payments.

At one time, Valéry Giscard d'Estaing called the dollar as a means of world payments an «excessive privilege» of America (Sheard, 2023) because the ability to trade and borrow internationally in their own currency means that US citizens who make international agreements

and transactions are essentially operating in their domestic economy. They don't need to worry about converting US dollars into foreign currencies either to evaluate terms or to conduct business. It's not just convenient; this means that other parties have to bear (often substantial) transaction costs of currency conversion, while simultaneously bearing currency risks, or the costs of hedging them. And strangely enough, they are mostly imposed on those countries that are least able to bear currency risks and costs.

Above we described asset manager capitalism, but in the English-speaking sphere there is also the term stakeholder capitalism, which advocates the idea that the firm should be managed in the interests of shareholders and that the work of the CEO and top management is to maximize «shareholder value», that is, to manage the firm so that its share price increased as much as possible over time (Schwab, 2021). This requires corporations to take into account the interests of all their stakeholders, including customers, employees, suppliers and local communities, as well as shareholders, and fulfill their wider «corporate social responsibility» rather than simply focusing on the idea of making money.

Proponents of these ideas refuse to buy stocks of arms manufacturers (which is why, in the long run, the stocks of manufacturers such as Northrop Grumman Corporation did not rise) and for the transfer of economic activity to vulnerable countries, even though it undermines the foundations of US power. The description of the activities of this social group requires a separate article, but we will agree that they create distortions of political activity (Bailey, 2020 ; Brandt, & Georgiou 2016).

Having a dominant reserve currency means that the country that holds it must supply enough dollars to the rest of the world to meet demand, which is likely to be large and constant. Since we're talking about the US and the rest of the world here, the dollars the US has to provide are net dollars, meaning after all the money flows into and out of the country have been aggregated and subtracted. The way in which a country supplies its currency to the rest of the world in net terms is by running a current account deficit, as this means that the country pays out more in its own currency than it receives.

In the 20th century, the US current account deficit averaged 2.2 percent of GDP in the 1970s-2000s, averaged 3.3 percent of GDP in 2000-2020, and 4% in the 2020s. The current account deficit is ruining all social groups that are below the middle class, and if America were a monarchy and not a republic, politicians like D. Trump would not be in such strong positions in the elections. The presence of poles from supporters of stakeholder capitalism and supporters of D. Trump leads to an escalation of the internal struggle, where on the one hand they increase the costs and risks associated with relying on the dollar as the world currency, and on the other they simply try to undermine all established patterns of behavior.

Another significant disadvantage of the US being the issuer of the world's dominant reserve currency is that it places a particular burden on the Federal Reserve System, which has to contend with the influx of foreign banks that, by buying the dollar, raise interest rates and create volatility in domestic markets of America, which limits the Fed's maneuver to control the rate of growth of the public debt and get out of control of inflation. This creates a spiral where the government, in order to avoid default, is constantly forced to borrow more, reducing the Fed's maneuverability in the fight against inflation, because this will increase the cost of servicing the debt.

Conclusions. The dollar became the main reserve currency in the twentieth century, especially after World War II, because the United States was the dominant economic and military power. It is the dominance of dollar trade and finance in the international labor system that gives Washington such influence. But this dominance and superiority is not set in stone and is not something that the elites of the former hegemon can dictate or take for granted. Rather, it is because enough countries are willing to use the dollar and do so because of the net benefits it brings them, which allows the White House to influence that activity.

Despite the strong advantages of the role of the country issuing the world currency, the actions of the United States, which increase the domestic political costs and risks associated with reliance on the dollar, if they become an established model of behavior, threaten the existence of the country itself.

The thesis that the state in the West has become the agent of private finance capital and that the latter effectively operates on the global stage as a form of national capital only works until different and competing forms of capital emerge.

As attractive as it may be for America to use its financial power to achieve geopolitical goals, such actions are short-sighted and will inevitably undermine the domestic political situation in the long run. Also, the role of the dollar as a political lever creates powerful incentives for countries that claim regional leadership to reduce their dependence on this currency in international trade, finance and banking, instead developing their own competing infrastructure and institutions.

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УДК 327.57:341.176(5-12)АСЕАН

ASEAN REGIONAL FORUM AS A COOPERATIVE SECURITY MECHANISM

РЕГІОНАЛЬНИЙ ФОРУМ АСЕАН ЯК МЕХАНІЗМ КООПЕРАТИВНОЇ БЕЗПЕКИ

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Abstract. *The article explores the ASEAN Regional Forum (ARF) as a pivotal cooperative security framework in Asia-Pacific. Cooperative security, characterized by multilateralism, inclusiveness, transparency, and consensus-building, underpins the ARF's functioning. The study delves into the ARF's establishment during the post-Cold War era, highlighting ASEAN's political and diplomatic gains, which fostered trust among major powers and regional actors.*

The authors analyse the ARF's development, noting its primary focus on confidence-building measures, reflecting the principles of non-interference and consensus inherent in ASEAN's norms. Key findings indicate that while the ARF has made strides in enhancing regional security dialogue, it remains constrained by its slow-moving approach to preventive diplomacy and the lack of coercive mechanisms. The Forum's ability to address traditional security challenges, such as the North Korean nuclear threat and the South China Sea dispute, is limited. Therefore, the ARF focuses on addressing non-traditional security issues, including counterterrorism and disaster mitigation.

The findings show that ARF's role encompasses extending ASEAN's cooperative security norms to the broader Asia-Pacific region, promoting transparency and fostering a collaborative security environment by means of confidence-building measures. The article posits that while ASEAN's leadership in the ARF is more an outcome of regional circumstances than deliberate strategy, the ASEAN Regional Forum remains an important mechanism for security cooperation in Asia-Pacific.

Keywords. *Cooperative security, ASEAN, ASEAN Regional Forum, Asia-Pacific, confidence-building measures, preventive diplomacy.*

Анотація. *У статті досліджується Регіональний форум АСЕАН (АРФ) як ключовий механізм кооперативної безпеки в Азійсько-Тихоокеанському регіоні. Кооперативна безпека, що характеризується мультилатералізмом, інклюзивністю, прозорістю та досягненням*

консенсусу, лежить в основі функціонування АРФ. Дослідження заглиблюється в історію створення АРФ в епоху після холодної війни, висвітлюючи політичні та дипломатичні досягнення АСЕАН, які сприяли зміцненню довіри між великими державами та регіональними гравцями.

Автори аналізують розвиток АРФ, відзначаючи його основний фокус на заходах зміцнення довіри, що відображає принципи невтручання та консенсусу, притаманні нормам АСЕАН. Основні висновки вказують на те, що, хоча АРФ досягнув певних успіхів у розширенні регіонального діалогу з питань безпеки, його діяльність все ще обмежується повільним підходом до превентивної дипломатії та відсутністю механізмів примусу. Спроможність Форуму вирішувати традиційні проблеми безпеки, такі як ядерна загроза з боку Північної Кореї і суперечки навколо Південно-Китайського моря, є обмеженою. Тому АРФ фокусується на вирішенні нетрадиційних питань безпеки, включно з боротьбою проти тероризму і пом'якшення наслідків стихійних лих.

Висновки показують, що роль АРФ полягає в поширенні норм кооперативної безпеки АСЕАН на ширший Азійсько-Тихоокеанський регіон, сприянні прозорості та просуванню безпекового середовища, заснованого на співробітництві, за допомогою заходів зміцнення довіри. У статті стверджується, що хоча лідерство АСЕАН в АРФ є скоріше результатом регіональних обставин, ніж цілеспрямованої стратегії, Регіональний форум АСЕАН залишається важливим механізмом співпраці у сфері безпеки в Азійсько-Тихоокеанському регіоні.

Ключові слова. Кооперативна безпека, АСЕАН, Регіональний Форум АСЕАН Азійсько-Тихоокеанський Регіон, заходи зміцнення довіри, превентивна дипломатія.

Introduction. The ASEAN Regional Forum (ARF) stands as a cornerstone in the architecture of cooperative security mechanisms within the Association of Southeast Asian Nations (ASEAN). This article examines the ARF's pivotal role in fostering regional security in the Asia-Pacific through cooperative security approach. Cooperative security in this context emphasizes multilateralism, inclusiveness, transparency, and the use of consensus-building and consultations.

The establishment of the ARF in the early 1990s marked a significant shift in regional security dynamics, emerging from ASEAN's enhanced diplomatic credibility and trustworthiness among global powers and regional states. The period of geopolitical transition allowed ASEAN to position itself as a neutral and effective organizer of regional security cooperation.

It is highlighted that the ARF's has a significant focus on promoting confidence-building measures among its participants. These measures include high-level consultative fora, exchange of information and positions towards various regional security topics, and providing security outlooks aimed at enhancing mutual understanding and reducing regional tensions. However, the ARF's progress beyond the initial stage of confidence-building measures to more proactive forms of preventive diplomacy has been notably slow, primarily due to the inherent principles of non-interference and consensus that govern its operations.

While the ARF faces challenges in evolving beyond its current stage, it remains an essential platform for dialogue and cooperation in the Asia-Pacific. The Forum's emphasis on transparency, multilateralism, and gradual progress reflects ASEAN's broader approach to regional security, promoting a stable and cooperative environment amidst a diverse and often heterogeneous geopolitical landscape.

The **purpose of the article** is to study the formation and development of the ASEAN Regional Forum as a mechanism for security cooperation, as well as to determine its key characteristics and limitations by overviewing founding and conceptual documents related to ARF.

Literature review. ASEAN Regional Forum (ARF) have received a lot of attention from foreign and domestic researchers. Among the recognized experts are J. Haacke, R. Emmers, N.M. Morada, R. Sukma, R. Severino. At the same time, a number of Ukrainian scholars, including Y. Barshchevskiy, S. Averyanov, O. Kravchuk, I. Krupenia, O. Kovtun and others are engaged in the study of ASEAN Regional Forum and its security role in the Asia-Pacific. It is worth highlighting

the works of R. Emmers “Cooperative Security and the Balance of Power in ASEAN and the ARF” as well as J. Haacke’s “Cooperative Security in the Asia-Pacific: The ASEAN Regional Forum” which give profound understanding of security environment before and during the establishment of ARF and its development over the years. Other relevant works by Ukrainian researchers include, S. Averyanov's study "ASEAN Security Activities in Southeast Asia" (Averyanov, 2021) makes an overview of ASEAN-led multilateral mechanisms, including ASEAN Regional Forum as one of the most impactful on dealing with Southeast and Asia-Pacific security and political issues. The topic of ASEAN cooperative mechanisms, in particular the ASEAN Regional Forum, is also covered in the article by O. Kovtun and T. Dovhai "ASEAN in World Politics" (Kovtun & Dovhai, 2014), where the formation and progress of the ASEAN cooperative mechanism is analyzed.

Main research results. The ASEAN Regional Forum (hereinafter referred to as the ARF) is one of the leading cooperative security mechanisms of the Association of Southeast Asian Nations (ASEAN).

Cooperative security is defined as a concept that focuses on agreed norms of behavior, including within institutions that function despite the heterogeneity of participants. Cooperative security is based on the principles of multilateralism, inclusiveness, transparency, and the use of consultation and consensus mechanisms. At the same time, ASEAN's cooperative security regime includes codes of conduct and agreements between the Association's member states and its partners, including the establishment of joint security platforms for dialogue, such as the ARF (Haake, 2010).

In order to understand the peculiarities of the ASEAN Regional Forum, it is necessary to consider in more detail the establishment and development of this cooperative security mechanism. The post-Cold War security environment was characterized by favorable circumstances for the ASEAN. Firstly, international disapproval of Vietnam's aggressive actions in Cambodia by ASEAN as a collective actor led to the fact that this organization received political and diplomatic dividends in the form of trust from the international community – both major powers like the United States and China, and other Asian states, such as Laos, Japan or the Republic of Korea. This helped to play the role of an acceptable organizer of security cooperation in the Asia-Pacific, as previous attempts had failed due to the high level of distrust between potential participants. Similar initiatives were also presented separately in July 1990 at the ASEAN Post-Ministerial Conference by Australian Foreign Minister Gareth Evans (1988-1996) and Canadian Secretary of State for External Affairs Joe Clark (1984-1991). They proposed the creation of an Asia-Pacific Conference on Security and Cooperation, but such an initiative was not supported by the United States, which saw it as a potential weakening of its bilateral security arrangements in the Asia-Pacific, and by China, which was unwilling to participate in multilateral initiatives because of their potential pro-Western orientation (Emmers, 2003). This is explained by G. Harding's theoretical work on the correlation between the level of distrust and the establishment of cooperative security. If the level of distrust is too high, then the introduction of a cooperative security regime is impossible at the stage of planning or direct implementation (Harding, 1994). Thus, the above-mentioned political and diplomatic dividends of ASEAN have contributed to the development of a sufficient level of trust on the part of heterogeneous actors in the Asia-Pacific region to start discussions on the establishment of a platform on security issues.

Secondly, the creation of the ARF was facilitated by ASEAN's role as a "regional leader", which stems from its political and diplomatic dividends. Thus, according to Robert Yates, this role of the Association is characterized by the intra-regional neutrality of the South Asian Association and ASEAN's positioning as a successful manager of the Southeast Asian security order. At the same time, the main function of the Association in this role is diplomatic leadership, while others are inclusive engagement and norm-setting (Yates, 2019). Therefore, it may be stated that ASEAN is acceptable in the broader context of the Asia-Pacific by extra-regional actors, primarily Asian states, since the Association's leadership in creating and maintaining a platform for discussing security issues would not imply a clear pro-Western or pro-Chinese orientation, and would be based on soft regionalism, when the level of institutionalization is minimized, which was observed in

ASEAN until the late 1990s. As Amitav Acharya argues, ASEAN's own norms and institutional style provided a ready-made basis on which the ARF could be built (Emmers, 2003).

However, according to J. Haake, N.M. Morada and R. Sukma, the acceptability of ASEAN as a center for creating a platform for discussing security issues was not deliberate, but by default, i.e. in the absence of other acceptable initiatives that would be suitable for the heterogeneous composition of the Asia-Pacific security environment. Thus, the inability of the great powers of the Asia-Pacific to form a series of security arrangements among themselves, the lack of alternative mechanisms for responding to the new post-Cold War security environment in the Asia-Pacific, and the need to ensure that the platform for discussing security issues does not turn into an arena for competition for the primacy of the great powers of the region created favorable preconditions for establishing ASEAN's leadership in building such a platform for security dialogue. However, these preconditions, according to R. Sukma, give grounds to consider ASEAN not so much the "primary driving force" in the ARF as an accidental leader (Haacke, 2010).

ASEAN's first steps to develop a platform for discussing security issues in the Asia-Pacific began in 1991 with the idea of using the ASEAN Post-Ministerial Conference as a forum for regional security dialogue at the ASEAN Foreign Ministers' Meeting. This initiative was reaffirmed at the ASEAN summit in Singapore in January 1992, which led to a discussion of regional security at the ASEAN Post-Ministerial Conference in July 1992 in Manila. The initiative to broaden the discussion of security issues took place in May 1993 in Singapore, where the first Senior Officials Meeting of the Association's Post-Ministerial Conference decided to invite the foreign ministers of China, Russia, Vietnam, Laos and Papua New Guinea to the upcoming special session. Afterwards, on July 25, 1993, it was decided to establish the ASEAN Regional Forum (ARF), the first working session of which was to be held in 1994 in Bangkok (Emmers, 2003).

The first meeting in the ARF format took place on July 25, 1994 in the Thai capital with the participation of 18 states, namely at that time six ASEAN member states: Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand; seven dialogue partners of the Association - Australia, Canada, the EU, Japan, New Zealand, the Republic of Korea and the United States; ASEAN's consultative partners - China and Russia; and observers of the Association - Laos, Papua New Guinea and Vietnam. The meeting resulted in a statement by the presiding state (The First ASEAN Regional Forum Bangkok, 1994), from which the following should be highlighted. Firstly, the ARF is defined as a high-level consultative forum that will allow the above mentioned countries to promote the habit of constructive dialogue and consultations on political and security issues of common interest and concern. This demonstrates the relevance of the concept of cooperative security in the Asia-Pacific, especially with regard to dialogue and consultation as elements of confidence-building measures and improving the climate of international relations in the Asia-Pacific region. Secondly, the document suggests that security in the Asia-Pacific will be built on the principles of comprehensiveness, indivisibility, etc. to develop a more constructive model of relations, which also meets the principles of cooperative security. Third, all participants of the ARF agreed that the 1976 Treaty of Amity and Cooperation in Southeast Asia (TAC) would serve as a code of conduct that regulates relations between states and would be a unique tool for confidence-building measures, preventive diplomacy, and political and security cooperation (The First ASEAN Regional Forum Bangkok, 1994).

The second ARF meeting took place on August 1, 1995 in Bandar Seri Bagawan, Brunei, the results of which are contained in the statement of the chairman (The Second ASEAN Regional Forum Bandar Seri Begawan, 1995). It noted the development of constructive cooperative relations between the Forum's participants, which Cambodia joined; increased transparency and the desire to address security issues in a spirit of mutual respect, equality and cooperation, which indicates the positive role of the ARF as a cooperative security mechanism for the Asia-Pacific. In addition, this document for the first time refers to ASEAN as the "driving force" of the ARF. For example, the ARF meetings were to be held in the context of the ASEAN Foreign Ministers' Meeting and Post-Ministerial Conference, and the rules of procedure would be based on the norms and practices of the Association - decisions would be made by consensus after thorough and extensive consultations.

This provision can be interpreted as ASEAN's leading role in developing and implementing the format and form of the ARF, with the corresponding extrapolation of its internal norms to cooperation with other actors in the Asia-Pacific.

Moreover, the greatest achievement of the second meeting of the Forum was the development of the ARF Concept Paper, which identified three stages of its evolution: the first is the promotion of confidence-building measures; the second is the development of mechanisms for preventive diplomacy; and the third is the development of mechanisms for conflict resolution. At the same time, the Concept Paper itself states that the ARF is at the first stage, which can be developed on the basis of two complementary approaches. The first represents the confidence-building measures used by ASEAN since its establishment - consultations and consensus building, as well as the principles of good neighborliness contained in the 1976 Treaty of Amity and Cooperation in the Southeast Asia. The second approach is the implementation of concrete confidence-building measures, such as promoting greater transparency through voluntary participation in military exercises of ARF participants as an observer or the publication of defense white papers, or a longer-term measure for practical implementation, such as the exchange of information and experience on maritime search and rescue, counter-piracy or drug trafficking. (The Second ASEAN Regional Forum Bandar Seri Begawan, 1995).

It is also worth noting that the ARF Concept Paper contained a provision that the Forum would develop at a pace convenient for all participants, based on the principle of moving not "too fast for those who want to go slow and not too slow for those who want to go fast" (The Second ASEAN Regional Forum Bandar Seri Begawan, 1995, p. 16). While this principle reflects an attempt to inclusion of the ARF process, it also lays the groundwork for too slow progress in moving to the next stage of cooperation among participants and the functioning of the ARF itself.

The third meeting in the ARF format was held on July 23, 1996 in Jakarta. The discussion resulted in Indonesia's statement on the Forum's decisions, the main one being the development of membership criteria. New participants were admitted by consensus, but it was noted that all ASEAN member states automatically became participants of the Forum (The Third ASEAN Regional Forum Jakarta, 1996), which indicates the special status of the Association in the ARF and its main driving force in the organizational process within the mechanism. Proof of this is India's accession to the Forum, which was not approved by the United States and Japan because of the desire to deepen the cooperative mechanism rather than expand it (Emmers, 2003). However, in the case of an increase in the number of participants, the leading and decisive role remains with ASEAN as the ARF manager.

Therefore, the first three meetings in the ARF format laid the foundation for the Forum's functioning, outlined the vector of its progress, criteria for expansion, and identified priority topics for security discussions, including non-proliferation of weapons of mass destruction, territorial disputes in the South China Sea, and the Korean issue - establishing inter-Korean dialogue and the problem of nuclear energy development by North Korea (The Third ASEAN Regional Forum Jakarta, 1996).

As for the progress of the ASEAN Regional Forum, it is worth noting that this mechanism is still at the first stage of its evolution, i.e., the promotion of confidence-building measures. This is due to a number of reasons. First, the principle of progress that is convenient for all as a fundamental principle in the implementation of the ARF's activities makes it impossible to develop quickly, as evidenced by the long process of consensus development towards an acceptable concept of preventive diplomacy. For example, within the framework of the ARF, it took 10 years between the development of the concept and principles of preventive diplomacy (2001) and the framework action plan (2011). Secondly, the ARF document on the concept and principles of preventive diplomacy of July 25, 2001, states that it does not provide for legal obligations, but serves as a common perspective for the Forum's functioning, which also slows down the pace of possible transition to the stage of preventive diplomacy. Nevertheless, this document contains a definition of preventive diplomacy agreed upon by all ARF participants as "consensual diplomatic and political action taken by sovereign states with the consent of all directly involved parties to help prevent

disputes and conflicts from arising between States that could potentially pose a threat to regional peace and stability; to help prevent such disputes and conflicts from escalating into armed confrontation; and to help minimise the impact of such disputes and conflicts on the regio” (ASEAN Regional Forum Concept and Principles of Preventive Diplomacy, 2001, p. 2).

Secondly, the ARF Preventive Diplomacy Work Plan of June 10, 2011 states that one of the principles of prevention will be consultation and consensus building, which again potentially slows down both the transition to the stage of preventive diplomacy and the use of a specific preventive measure, such as sending an observer or fact-finding mission (ASEAN Regional Forum Preventive Diplomacy Work Plan, 2011). In addition, the ARF Concept Paper on Moving Towards Preventive Diplomacy of July 2, 2013 specifies the guiding principles of prevention on which the Forum's activities will be based – trust building, consultations, consensus, voluntary nature, absence of coercion and non-interference in the internal affairs of the ARF participants (ASEAN Regional Forum Concept Paper on Moving Towards Preventive Diplomacy, 2013). The latter directly refers to the fundamental principle of ASEAN, which makes it impossible to take coercive actions against a possible violator of the Association's norms. Thus, ASEAN's internal restrictions have also been extrapolated to the ARF, which suggests that preventive measures within the Forum can only be developed and applied when the Association itself begins to use specific preventive measures within Southeast Asia.

It should also be emphasized that the ARF's Concept Paper on Moving Towards Preventive Diplomacy specifies the stage of preventive diplomacy itself by identifying three phases: the first - training, information exchange and understanding of preventive diplomacy practices and measures by the Forum participants; the second - research and development of ARF's own preventive tools; the third - research of the possibilities of applying preventive diplomacy in practice. (ASEAN Regional Forum Concept Paper on Moving Towards Preventive Diplomacy, 2013).

In general, it should be noted that although the ARF participants are at the first stage of promoting confidence-building measures, the Forum's activities show elements of the primary phase of preventive diplomacy, as defined in the 2013 Concept Paper. First and foremost, it is the publication of the ARF Annual Security Outlook which contains the views of each ARF's participant on its vision of the security environment in the Asia-Pacific, the main security challenges in the region, an explanation of its national security and defense policy, contributions to regional security and its role in the ASEAN Regional Forum. These materials have been published exclusively within the framework of the ARF since 2005, and before that, in 1997-2005, they were sponsored by the Japan Center for International Exchange under the title “Asia Pacific Security Outlook” (Asia Pacific Security Outlook, 2021). Thus, the ARF Annual Security Outlook became a constructive confidence-building measure that promoted transparency and exchange of security information among ARF actors, contributing to the strengthening of the ASEAN cooperative security in the region. In addition, the logic of the 2013 Concept Paper on Moving Towards Preventive Diplomacy suggests that these outlooks are a transitory measure that lies between confidence-building efforts and the first phase of preventive diplomacy - learning, exchange and mutual understanding among the Forum's participants. That is, this is evidence that confidence-building measures, as defined in the aforementioned 2013 Concept, continue to be the basis for the ARF functioning (ASEAN Regional Forum Concept Paper on Moving Towards Preventive Diplomacy, 2013), which expands the ASEAN cooperative security to Asia-Pacific.

In addition to the limitations on the implementation of preventive diplomacy, the ARF has certain restrictions on the "primary driving force" of ASEAN, which, according to R. Sukma, is more of an "accidental leader." Thus, from the very beginning of its functioning, China influenced the formation of statements by the ARF presidency, and the inclusion of maritime security and counterterrorism cooperation on the agenda of the Forum was due to the Association's adaptation to the security interests of the great powers, primarily the United States. Similar adaptations also included the removal of the discussion of Indo-Pakistani bilateral relations within the framework of the ARF to please India or the exclusion of the Taiwan issue from the Forum's agenda in accordance with China's position (Haacke, 2010).

The biggest limitation of the ARF in terms of not reaching the stage of preventive diplomacy is the inability to effectively influence or resolve security challenges in the Asia-Pacific, such as the North Korea nuclear threat, the South China Sea dispute or the Taiwan issue. The absence of a sanctions mechanism within the ASEAN itself, and the principle of consensus and non-interference in internal affairs make it impossible for the ARF to take any action.

However, the ARF can serve as an initial platform for negotiations, as can be seen in the case of North Korea, which has been a participant of the ASEAN Regional Forum since 2000. Thus, the ARF served as an incentive to promote dialogue between the United States and North Korea at the 7th meeting of the ARF participants in Thailand, where US Secretary of State Madeline Albright (1997-2001) and North Korean Foreign Minister Paek Nam-Sun (1998-2007) met and held talks, which was then the highest level of US-North Korean interactions since the Korean War of 1950-1953 (Emmers, 2003). That is why the ARF is best suited to serve as a platform for improving the climate between its participants, as evidenced by the dominance of confidence-building measures as the main instruments of this ASEAN mechanism.

Furthermore, the above-mentioned inability of the ARF to address security issues such as the conflict in the Korean Peninsula, North Korean nuclear program, or the Taiwan issue, which should be attributed to the traditional, hard security sphere, is compensated by a significant focus on non-traditional security issues that have dominated the ARF since the beginning of the 21st century and are still most actively considered within the Forum, especially in the areas of counterterrorism, disaster mitigation as well as information and communication technologies.

Conclusions. The ASEAN Regional Forum acts as the Association's cooperative mechanism in the Asia-Pacific, primarily through the transfer of the Association's internal norms from the Southeast Asia to the wider Asia-Pacific region. This concerns both the principles of interstate relations, which are mainly based on the 1976 Treaty of Amity and Cooperation in Southeast Asia and the use of the same organizational and administrative practices, such as consensus decision-making and information exchange through the ASEAN Secretariat, since the ARF does not have its own. In addition, the role of ASEAN as the "primary driving force" of the Forum is justified in terms of the form of cooperation within the ARF, but the Association does not always play a decisive role in terms of the content of cooperation.

In addition, the ARF is at the initial stage of its evolution - the promotion of confidence-building measures - because the Forum has the same limitations as ASEAN: the consolidation of the fundamental principle of non-interference in internal affairs and the lack of mechanisms to influence possible violations of its norms. Moreover, the process of the ARF's progress, acceptable to all, from the very beginning of the Forum's functioning, laid the foundation for a slow progress towards preventive diplomacy, but served as the basis for the ARF's acceptability as a cooperative security mechanism in the Asia-Pacific, encompassing heterogeneous actors in the region. In general, the ASEAN Regional Forum is based on confidence-building measures designed to improve the climate of regional relations between states, promoting greater transparency, proactivity and multilateralism in the Asia-Pacific.

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УДК 327.7

“UKRAINE-ASEAN: VISION OF COOPERATION” BRIEF REVIEW

СТИСЛИЙ ОГЛЯД ДОКУМЕНТА «УКРАЇНА-АСЕАН: БАЧЕННЯ СПІВРОБІТНИЦТВА»

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Abstract. *The article provides the research of relations between Ukraine and the Association of Southeast Asian Nations (ASEAN). In recent years, due to the external threat to the territorial integrity of our country, Ukraine's regional policy has undergone significant transformations. The Southeast Asia (SEA) region deserves special attention especially taking into consideration the «New Horizons Policy» of Ukraine. Despite the geographical distance, both sides recognize the importance of dialogue and finding ways to cooperate. Given the role and significance of ASEAN at the regional and global levels, Ukraine seeks to deepen cooperation with the organization, to promote its national interests in the international arena and to contribute to regional stability and prosperity.*

The article highlighted a brief analysis of the document «Ukraine-ASEAN: vision for cooperation», which outlines the current state and prospects of bilateral relations. The policy-paper is explored from the perspective of a roadmap for strengthening interaction and identifying specific areas of cooperation between Ukraine and ASEAN in the political, economic and humanitarian areas.

Keywords: *Ukraine, ASEAN, cooperation, international relations.*

Анотація. *Стаття присвячена дослідженню відносин між Україною та Асоціацією країн Південно-Східної Азії (АСЕАН). В останні роки на фоні зовнішньої загрози територіальній цілісності нашої держави регіональна політика України зазнала відчутних трансформацій. Особливої уваги в рамках «Політики нових горизонтів» України заслуговує регіон Південно-Східної Азії (ПСА). Незважаючи на географічну віддаленість, обидві сторони визнають важливість діалогу та пошуку шляхів для співпраці. Враховуючи роль та значення АСЕАН на регіональному та глобальному рівнях, Україна прагне до поглиблення співробітництва з організацією для просування своїх національних інтересів на міжнародній арені та з метою сприяння регіональній стабільності і процвітання.*

У статті пропонується стислий аналіз документа «Україна - АСЕАН: бачення співробітництва», який окреслює поточний стан та перспективи розвитку двосторонніх відносин. Даний програмний документ розглядається з точки зору дорожньої карти для зміцнення взаємодії та визначення конкретних напрямів співпраці між Україною та АСЕАН у політичній, економічній та гуманітарній сферах.

Ключові слова: *Україна, АСЕАН, співробітництво, міжнародні відносини.*

Introduction. For many years, relations between independent Ukraine and the collective ASEAN were characterized by modest activity. To some extent, they could even be called limited. One of the main reasons for this is Ukraine's geographical remoteness from the Southeast Asian region. Another, no less important reason, is the absence of any coherent strategy towards Asian partners in general or towards the countries of the South-East Asia in particular. Thus, for decades, Ukraine's relations with the region have been limited mainly to bilateral contacts with individual ASEAN member states, usually in the areas of agriculture or the military-industrial complex, like delivery of Ukrainian «Oplot» tanks to Thailand (Zhyrokhov, M., 2020).

The outcome of drastic changes taking place in such a sporadic Ukrainian approach towards its regional policy became the approval of the Foreign Policy Strategy of Ukraine in 2021 (President of Ukraine, 2021). According to the Minister of Foreign Affairs of Ukraine Dmytro Kuleba: «I believe that the main achievement of Ukrainian diplomacy is that we have approved a comprehensive Strategy of Ukraine's Foreign Policy for the first time in 30 years of independence. Why is this important? Because any Strategy structures the way of thinking and perceptions of the world. And most importantly, it structures our actions aimed at protecting and promoting Ukraine's national interests. In the Strategy, we have laid down a long-term state policy aimed at achieving peace, security and prosperity for Ukrainians, and establishing Ukraine as an active participant in international politics. I emphasize that this is not a declaration of intent, but a real tool» (Ministry of Foreign Affairs of Ukraine, 2021).

The main task of this conceptual document is to create a culture of functioning of the diplomatic service in accordance with the given strategic framework, where Ukrainian diplomacy would work systematically and proactively, with a focus on clear and concrete results. The Strategy covers 6 key priorities of Ukraine's foreign policy:

1. Ensuring the independence and sovereignty of Ukraine and restoring its territorial integrity.
2. Countering Russian aggression and bringing Russia to legal responsibility for its crimes against Ukraine.
3. Continuing the course towards full membership in the EU and NATO.
4. Promoting Ukrainian exports and attracting foreign investment.
5. Protecting the rights and interests of Ukrainian citizens abroad.
6. Promoting a positive image of Ukraine in the world (Ministry of Foreign Affairs of Ukraine, 2021).

The first is, of course, to ensure Ukraine's independence, state sovereignty and restoration of its territorial integrity in accordance with international law. Ukraine has fallen victim to the insidious military aggression of the Russian Federation, which continues to pose an existential threat to the political and ethnic future of our country. Therefore, it is obvious that the No.1 task for us now is to expel Russian troops from the territory of Ukraine and regain control over our sovereign territories temporarily occupied by the invader.

The next is total resistance to the enemy, which naturally follows from the previous point. Comprehensive counteraction to the aggressor by military, political, economic and international means, the final purpose of which should be to bring Russia to legal responsibility for war crimes and acts of genocide against the citizens of Ukraine.

Another task involves closer and more institutionalized cooperation with the EU and NATO, which is reflected in the fundamental legal act of our state – the Constitution of Ukraine – as stated in Articles 85, 102, 116 (Verkhovna Rada of Ukraine, 2020). Finally, the economic, humanitarian, and image components of our new strategic concept are intended to contribute to its implementation.

Therefore, the main reference points of the Ukrainian Foreign Ministry activities abroad have crystallized. First, suppression of Russian aggression. Second, Ukraine's European and Euro-Atlantic integration. The third one is multilateral diplomacy. And the last one is the development of Ukraine's regional policy and relations with our key international partners. In this context, during one of his public speeches, Minister Kuleba highlighted three main focuses of the Strategy implementation:

- Multilateral diplomacy (Ukraine as an active participant in international politics).
- Regional diplomacy (Ukraine co-forming a new regional security infrastructure).
- Economic diplomacy (Ukraine discovering new economic opportunities) (Ministry of Foreign Affairs of Ukraine, 2021).

All together, the principles mentioned above shape the Ukrainian Asian Strategy of the Ministry of Foreign Affairs, which is an integral part of Ukraine's new foreign policy concept of 2021. During the ASEAN summit in Cambodia in November 2022, Dmytro Kuleba stressed out: «My work at the ASEAN Summit, where Ukraine was invited for the first time in history, is a practical implementation of the Asian Strategy developed by the Ministry of Foreign Affairs. The region is complex and promising, that`s why we need to work with it. I have already met with my colleagues from Brunei, Vietnam, Thailand, Singapore, Laos, and held telephone conversations with a colleague from Papua New Guinea. Wherever there is a Ukrainian interest, it needs to be outlined and realized in practice» (Ministry of Foreign Affairs of Ukraine, 2022a).

In 2013 ASEAN acknowledged the first Ambassador of Ukraine to ASEAN, and starting from that time, Ukraine has always been represented within the Association. In 2017 Ukraine began the process of accession to the Treaty of Amity and Cooperation in Southeast Asia (Treaty of Amity and Cooperation in Southeast Asia, 1976) – one of the fundamental legal acts of ASEAN. Five years later, in 2022, Minister Kuleba on behalf of Ukraine signed the Instrument of accession to the Treaty. The procedure of accession completed in December 2023, when the Verkhovna Rada adopted the Law «On Ukraine's Accession to the Treaty on Friendship and Cooperation in Southeast Asia» (Verkhovna Rada of Ukraine, 2023).

In August 2021 Ukraine obtained the Observer status in the ASEAN Inter-Parliamentary Assembly (AIPA). It ensures Ukraine`s representation by two members of our parliament in the annual session of the ASEAN General Assembly. The same year the first in Ukraine Center for ASEAN Studies was launched at the Educational and Research Institute of International Relations of Taras Shevchenko National University of Kyiv. The main task of the center is to establish effective interaction between researchers and scientists, develop humanitarian, educational and interpersonal contacts between Ukraine and ASEAN countries (Government portal, 2021).

The access to the Southeast Asian market opens a wide range of economic opportunities for Ukraine. That is possible through joining the free trade zone with the countries of the Association, as well as concluding a cooperation agreement between the Council of Exporters and Investors of the Ministry of Foreign Affairs of Ukraine and the ASEAN Business Council. A free trade zone with ASEAN will let our country trade its goods without additional fees.

On the other hand, given the current security situation in Eastern Europe, the need for ASEAN's support of Ukraine on all issues related to the Russian-Ukrainian war is a priority. The Association is neutral, which is proved by the few joint statements of the organization. Despite the well-known ASEAN principle of non-interference in conflicts of third countries, establishing political and economic cooperation with the Association would make it possible to increase its support of Ukraine and, thus, strengthen the existing mechanisms of bilateral cooperation (Terletskyi, O., 2022).

The purpose of this article is to provide a brief analysis of the condition and prospects of development of bilateral relations between Ukraine and ASEAN taking into consideration the «Ukraine-ASEAN: Vision of Cooperation» policy paper as a roadmap for further cooperation in the areas of Food and Agriculture, Digital Sector, Trade, Energy, Disasters Management, Demining, Social and Cultural Cooperation.

The research results. For more than thirty years of Ukraine's independence, our foreign policy has not paid sufficient attention to Southeast Asia and the Indo-Pacific region. It took a long time before in 2021 the Ministry of Foreign Affairs of Ukraine has finally approved the Asian Strategy in accordance with the Foreign Policy Strategy. Central Asia, the South Caucasus, the Gulf region, Southeast Asia, the Indo-Pacific, ASEAN, Sub-Saharan and North Africa were named as the key geographical priorities that are to be developed within the Strategy. It was a significant and, in

some extent, even crucial indicator of Ukraine's renewed approach to the Eastern vector of our foreign policy that means not only nominal economic presence but legal and political engagement in different regional issues.

The Foreign Policy Strategy of Ukraine (paragraphs 146; 149) proclaims establishing cooperation on economic and trade issues, the implementation of joint projects with regional integration associations, primarily the Association of Southeast Asian Nations. The active development of bilateral cooperation with Southeast Asian countries will focus on the formation of free trade zones, expansion of cooperation ties in the military-technical, aerospace, and scientific and technical spheres. Ukraine will also make efforts to institutionalize relations with ASEAN. A promising direction is to establish cooperation with the Association of Southeast Asian Nations to facilitate the attraction of investments to Ukraine's industrial and agricultural sectors from the region's financial contributors (President of Ukraine, 2021).

The next major step towards the implementation of the Strategy was a joint event entitled «Ukraine-ASEAN: vision of cooperation» held in February 2024 in Kyiv. The event in a hybrid format was held with the participation of representatives of the diplomatic corps accredited in Ukraine, the ASEAN Secretariat, scientific and expert circles of Ukraine and the Southeast Asian region. The participants emphasized the importance of Accession to the Treaty of Amity and Cooperation in Southeast Asia ratified by the Verkhovna Rada of Ukraine. The Deputy Minister of Foreign Affairs of Ukraine Iryna Borovets emphasized that according to the Foreign Policy Strategy of Ukraine and the Asian Strategy of the Ministry of Foreign Affairs of Ukraine, the next step of Ukraine's relations with ASEAN shall be obtainment of the status of Sectoral Dialogue Partner of the Association (Ministry of Foreign Affairs of Ukraine, 2024a).

As a result of the meeting, the Foreign Ministry of Ukraine presented the policy paper «Ukraine-ASEAN: vision of cooperation» (Ukraine-ASEAN: vision of cooperation, 2024). The document was made by the Fourth Territorial Department of the Ministry of Foreign Affairs of Ukraine. The primary objective of this policy-paper was to define and establish sectoral dialogic cooperation between Ukraine and ASEAN. It expressed Ukraine's vision of cooperation with the Association of Southeast Asian Nations and intended to strengthen relations and ensure effective cooperation between the Parties.

The document starts with a brief review of Ukraine-ASEAN relations. It allows to get acquainted with some statistics data of both Ukraine and ASEAN as well as the chronology of our bilateral relations during past years. The further exploration of the structure of the paper shows that it is defined by several key sectors of mutual interest with the highest potential of cooperation, namely: Sectoral Dialogue Partnership, Food and Agriculture, Digital Sector, Trade, Energy, Disaster Management, Demining, Social and Cultural Cooperation.

Sectoral Dialogue Partnership. On 8 June 2023, Ukraine submitted a draft Priority Plan for the ASEAN and Ukraine Sectoral Dialogue Partnership to the Secretariat of ASEAN, which is subject to consideration as of February 2024. Ukraine intends to establish the ASEAN-Ukraine Joint Sectoral Cooperation Committee (JSCC ASEAN-Ukraine). The competence of the JSCC ASEAN-Ukraine may include coordination and monitoring of achievement of common goals, development and adoption of the legal framework for cooperation between Ukraine and ASEAN, providing recommendations on improving cooperation efficiency, as well as setting of working groups in the relevant areas. It is also important to establish the practice of Ukraine's consultations with relevant ASEAN sectoral bodies and to hold such consultations at the high and highest levels to ensure a significant level of cooperation (Ukraine-ASEAN: vision of cooperation, 2024).

In 2023 series of workshops and events have been held to make Ukraine and ASEAN closer to each other with the participation of the ASEAN Research Centre in Ukraine, the Ministry of Foreign Affairs of Ukraine, the Ministry of Economy of Ukraine, the Ministry of Infrastructure of Ukraine, the Ministry of Digital Transformation and relevant ASEAN institutions or its member states authorities (Ukraine-ASEAN: vision of cooperation, 2024).

Food and Agriculture. ASEAN has adopted a variety of strategic documents addressing nutrition, food safety and food security including the Strategic Plan for ASEAN Cooperation in

Food, Agriculture and Forestry 2016-2025 (ASEAN Community Vision 2025, 2015), ASEAN Integrated Food Security Framework, and Strategic Plan of Action on Food Security in the ASEAN region 2021-2025 (AIFS and SPA-FS in the ASEAN Region 2021-2025, 2020).

Ukraine seeks for cooperation on food and agriculture. It has initiated programs to secure global food and agriculture, including the «Black Sea Grain Initiative» (United Nations, 2023). 60% of the grain export went to the countries of Asia and Africa. Ukraine also initiated the humanitarian program «Grain from Ukraine» (Ministry of Foreign Affairs of Ukraine, 2024b), joined by 34 countries. In 2023 a new route for the export of Ukrainian agricultural products called the «Grain corridor» was announced by President Volodymyr Zelenskyy.

Ukraine plans to partner with ASEAN in Food and Agriculture through: food trade facilitation; gathering and analysing data regarding food trade and agriculture; elimination of technical barriers for food and agriculture trade, as well as promotion of goods sea movement; preparation of roadmap for securing food and agriculture supply chains from Ukraine to ASEAN member states; conducting consultations on food and agriculture at the state level of Ukraine and the intergovernmental level of ASEAN; advocating and coordinating for global food security; studying and researching suitable mechanisms for strengthening ties between Ukraine and ASEAN in food and agriculture; arrangement of consultative meetings/forums among non-state stakeholders (i.e. partners, private sector, academics, etc.); capacity building efforts between Ukraine and ASEAN, work-shops, training programs, technical assistance, institutional strengthening, and events for sharing knowledge and expertise (Ukraine-ASEAN: vision of cooperation, 2024).

Digital Sector. Cooperation in Digital Sector is guided by the ASEAN Digital Master plan 2021-2025 (ASEAN Digital Masterplan 2021-2025, 2021). It contributes to secure and trusted digital environment, infrastructure, services, e-government services, and digitally inclusive society in ASEAN. The Association develops its digital platforms like ASEAN Single Window which is developed for the exchange of trade-related documents.

Ukraine is ready to share its own successful experience in development of digital platforms. The Ukrainian platform «Diia» combines a mobile application with access to citizens' digital documents and a single portal of public services for the population and businesses. According to Mykhailo Fedorov, Vice Prime Minister for Innovations, Development of Education, Science, and Technologies of Ukraine, one of the crucial keys to Ukraine's success is permanent, systematic cooperation among the government, private and public companies, including transferring data registers to the cloud. Another digital system «Trembita» is an information and communication decentralized system of electronic interaction designed for automation and technological support of data exchange. It has a high level of security thanks to digital signature and encryption of all transmitted data (Ukraine-ASEAN: vision of cooperation, 2024).

Ukraine plans to participate in: enhancement of cooperation to promote cyber resilience, security and interoperability in the digital environment; cooperation in the field of electronic service development; joint efforts in the field of digital literacy development; initiation of joint projects aimed at the development of digital infrastructure; exchange of experience regarding digital strategies, development plans of relevant authorities, and their responsibilities in the field of digital transformation; dialogue and knowledge sharing on approaches to international law, cybersecurity policy and regulation aiming to harmonize practices and promote international cybersecurity standards; promotion of information sharing and collaboration on cyber matters, including the exchange of information on cyber threats, best practices, and emerging technologies; joint research and development projects related to cybersecurity to advance innovation in the field; exchange of best practices and skills regarding the development of next-generation (5G) mobile networks (Ukraine-ASEAN: vision of cooperation, 2024).

Trade. The Association is working hard on improving regional cooperation and integration when we talk about trade. Initiatives such as Free Trade Areas (FTA) contribute to improving market access, reducing tariffs, and simplifying trade procedures. The ASEAN's FTA is one of the largest and most significant in the world. The implementation of the Trade in Goods Agreement by

ASEAN member states has resulted in the significant elimination of tariffs (ASEAN Trade in Goods Agreement Summary Fact Sheet, 2021).

ASEAN is based on the principles of mutually beneficial cooperation and dialogue. Regular meetings at various levels, such as the ASEAN Leaders' Summit, the ASEAN Investment Forum and other events, provide an opportunity to discuss cooperation issues. ASEAN has several trade promotion platforms, including the ASEAN Chamber of Commerce & Industry and the ASEAN Business Advisory Council. These platforms facilitate the exchange of information and experience in the fields of trade and investment (Ukraine-ASEAN: vision of cooperation, 2024).

Ukraine has already developed strong economic ties with ASEAN, and the number of bilateral trade agreements with ASEAN member states. In general, the top exports of Ukraine are iron ore, seed oils, wheat, corn. The top imports from Ukraine are refined petroleum, cars, petroleum gas, packaged medicaments, and coal briquettes (The Observatory of Economic Complexity, 2022). The turnover of goods between Ukraine and ASEAN member states in 2023 constitutes \$1,846 billion. Total exports from Ukraine to ASEAN member states from January to November 2023 amount to \$0,445 billion. Total imports from ASEAN member states to Ukraine in 2023 amount to \$1,401 billion (Ukraine-ASEAN: vision of cooperation, 2024).

Ukraine plans to partner with ASEAN through: sharing knowledge and experience of keeping trade resilient and secure in uncertain times; promotion of trade and investment between Ukraine and ASEAN; facilitation of trade and investment relations, including chambers of commerce, cooperation workshops, conferences, seminars, business fora, and other relevant activities; exploring the possibility of cooperation to promote private sector engagement and business-to-business exchanges; reduction of customs duties, tariff and non-tariff barriers in trade; development of trade routes and infrastructure for trade; cooperation in the fields of tourism, standardization and certification (Ukraine-ASEAN: vision of cooperation, 2024).

Energy. In 2020 ASEAN adopted the ASEAN Plan of Action for Energy Cooperation 2016-2025 (APAEC), according to which «energy» is defined as a key component in advancing the ASEAN Economic Community's pursuit of an inclusive and dynamic regional economic integration towards 2025 and beyond (ASEAN Plan of Action for Energy Cooperation 2016-2025, 2020). APAEC established that ASEAN will expand partnerships with Dialogue Partners and International Organisations, and advance energy policy and planning to accelerate the region's energy transition and resilience.

In 2019 Ukraine entered the TOP 10 countries in the world in terms of renewable energy development, and in 2020 entered the TOP 5 European countries regarding solar energy development (Konechenkov, A., Omelchenko, V., (2022). Today, Ukraine is rethinking its energy system to respond both to security challenges and decarbonization goals. The mission of the Energy Strategy of Ukraine until 2050 is to create conditions for the sustainable development of the national economy by ensuring access to reliable, stable and modern sources of energy (Ministry of Energy of Ukraine, 2022b). The goals of the Energy Strategy of Ukraine 2050 are to achieve the maximum level of climate neutrality and maximum reduction of coal use in the energy sector, to renew and modernize energy infrastructure, to increase the efficiency of the use of resources in the energy sector, to provide the energy sector with its resources, taking economic feasibility into account. Ukraine also develops alter-native energy sources, new products and innovative solutions in the energy sector (Ukraine-ASEAN: vision of cooperation, 2024).

Ukraine intends to partner with ASEAN in Energy through: exchange knowledge and experience of keeping the energy resilient and secured in uncertain time; sharing knowledge and experience with regards to security standards and development of safety measures for nuclear facilities; exploring avenues for future collaboration in the area of energy security, including the safe and sustainable development of low-carbon energy sources and technologies; promotion of energy efficiency and conservation practices; exploring opportunities for cooperation to support the efforts of ASEAN member states to strengthen their capacity in the areas of energy security and the safe, sustainable development of renewable and alternative energy sources; supporting the efforts to

promote energy technologies, energy efficiency, and conservation practices (Ukraine-ASEAN: vision of cooperation, 2024).

Disaster Management. ASEAN member states are located in high seismic activity area, making them vulnerable to different geological disasters (Synthesis Report on Ten ASEAN Countries Disaster Risks Assessment, 2010). ASEAN has unique experience in managing natural and man-made disasters. One of the key features is its approach to cooperation and joint action. ASEAN member states actively share knowledge, technology and resources to support those affected by natural disasters. This commonality of approach ensures effectiveness in disaster response and recovery.

ASEAN has developed numerous platforms for discussing and coordinating actions in the event of natural and man-made disasters. One of them is the ASEAN Committee on Disaster Management, established in 2003, which developed the ASEAN Agreement on Disaster Management and Emergency Response (AADMER) in 2005, which is a regional legally binding agreement that binds ASEAN member states together to promote regional cooperation and collaboration in reducing disaster losses and intensifying joint emergency response to disasters in the ASEAN region (ASEAN Agreement on Disaster Management and Emergency Response, 2005).

Ukraine has experience in dealing with natural and man-made disasters as well. It faced the largest man-made disaster in human history – the Chernobyl catastrophe – when a nuclear reactor was destroyed. Ukraine also experienced the flooding of the Kherson region after bombing of the Kakhovka hydroelectric dam by Russia in 2023.

Nevertheless, there have been successful cases of cooperation between Ukraine and some ASEAN member states in this respect. For example, the rescue of a junior football team and their coach from the Tam Luang Cave in Thailand in 2018. Ukrainian rescuers were helping people in extremely difficult conditions. A team of Ukrainian divers laid underwater guide cables in complete darkness, which made it possible to save children's lives (UNIAN, 2018).

Ukraine plans to partner with ASEAN in Disaster Management through: sharing knowledge and experience of maintaining resilient and secured disaster management in uncertain times; capacity-building activities and sharing best practices and experiences on disaster prevention and mitigation, risk assessment and monitoring, preparedness and response; supporting disaster recovery, rehabilitation and reconstruction and knowledge and innovation management, as well as disaster risk reduction, climate change adaptation and ecosystem-based adaptation; exploring the possibility of cooperation with the ASEAN Committee on Disaster Management and the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management; promotion of science, technology and innovation cooperation on prevention, mitigation and risk reduction of natural disasters; exchange of experts for skills training and other initiatives (Ukraine-ASEAN: vision of cooperation, 2024).

Demining. ASEAN's joint efforts ensure security in the Southeast Asian region through demining cooperation. In particular, the ASEAN Regional Mine Action Center (ARMAC) is a center of excellence under the ASEAN Security Cooperation to encourage efforts to address landmines and explosive remnants of war for interested ASEAN member states. Inaugurated on 25 May 2016, the Center aims to collectively tackle the humanitarian aspects of landmines and Explosive remnants of war through an integrated approach of experience sharing, skills training, and other capacity-building activities. ASEAN is also an active participant in international demining efforts. The organization cooperates with other regional and international organizations (ASEAN Regional Mine Action Center, 2023).

Speaking of Ukraine, its mined areas make a huge humanitarian problem. Because of Russia's full-scale invasion in 2022 Ukraine has become the most mined country in Europe. According to the Ministry of Defence of Ukraine, the total area affected by mines, shells, and bombs is 174,000 km². Furthermore, it will take at least 10 years to completely clear and undermine the entire contaminated Ukrainian area (Government portal, 2023).

Ukraine intends to partner with ASEAN in Demining through: exploration of the possibility of cooperation between relevant Ukrainian authorities and ARMAC; cooperation with regards to

demining of marine areas, areas affected by natural disasters and/or conflicts; promotion of science technology and innovation cooperation on demining; performing consultations and workshops regarding demining best practices; promotion of the exchange of demining experts for skills training and other initiatives (Ukraine-ASEAN: vision of cooperation, 2024).

Social and Cultural Cooperation. The ASEAN Socio-Cultural Community (ASCC) was created to realize ASEAN citizens' full potential. One of its foundations is the ASEAN Socio-Cultural Community Blueprint 2025, adopted by the ASEAN Leaders at the 27th ASEAN Summit on 22 November 2015 in Kuala Lumpur, Malaysia (ASEAN Socio-Cultural Community Blueprint 2025, 2016). In addition to the ASCC, the ASEAN Strategic Plan for Culture and Arts 2016-2025 aims to deepen an ASEAN mindset and facilitate intercultural dialogue among the peoples of ASEAN through the engagement of various stakeholders in raising awareness on, and appreciation for, the histories, cultures, arts, traditions and values of the ASEAN region (ASEAN Strategic Plan for Culture and Arts 2016-2025, 2016).

The Strategy of Public Diplomacy of Ukraine 2021-2025 is all about popularization and sharing national achievements and experience in the field of culture with citizens of other countries for better understanding and trust. The above includes the promotion of modern Ukrainian cinema, music, theatre, performance art, literature, classical and modern visual art, creative industries, and international research projects in the field of culture and art. Furthermore, it includes the popularization of the Ukrainian language in the world as well as the promotion of Ukrainian cultural heritage and projects in the field of culture and art of representative indigenous peoples and national minorities (Strategy of Public Diplomacy of Ukraine 2021-2025, 2021).

Ukraine is willing to expand its cultural ties with ASEAN countries for the mutual exchange of cultural values and the promotion of mutual understanding. Cooperation shall include the exchange of arts, folklore, literature, languages, cultural and religious festivals, and the mutual holding of Days/Weeks of Ukrainian and ASEAN member states cultures.

Ukraine plans to partner with ASEAN in Social and Cultural Cooperation through: promotion of greater awareness of each other's traditions, heritage, and cultures through industries, cultural exchanges, events, festivals, and art exhibitions; exploring parliamentary cooperation through the framework of the AIPA and on a bilateral basis; exploring the ways of intercultural cooperation between Crimean Tatar and citizens of ASEAN member states; promoting autonomous and direct collaboration between universities of Ukraine and ASEAN member states; supporting human capital development and cooperation in education and training through information sharing, exchange programmes, capacity building, and skills development; promotion of creative industry cooperation in areas such as music, craft, cuisine, etc.; promotion of people-to-people contacts, networking, and exchange of visits between government officials, artists, students, youth, academicians, scholars, librarians, media, community representatives, as well as diplomats; encouraging collaboration and direct contacts between public libraries for the purpose of exchanging information materials and publications (Ukraine-ASEAN: vision of cooperation, 2024).

Conclusions. Ukraine still suffers the burden of the war waged by Russia against our country. What makes it worse is that we have to burn out our limited resources to fight back the invasion instead of facilitating development projects or international initiatives. At the same time, the Russian threat has become a 'bitter' experience for Ukraine that has forced us to rethink the shortcomings of our foreign policy paradigm. The war has encouraged our country to seek new, modern and flexible forms of dialogue with those partners who, unfortunately, have never been on the top of Ukraine's international agenda. In recent decades, Ukraine has focused most of its efforts in the international arena on the vector of European and Euro-Atlantic integration, ignoring other regions that are no less important in terms of geopolitics like Asia, Africa, or Latin America. Now more than ever, Ukraine understands the need for international support not only from the so-called large and developed countries, but also from medium, small and developing countries. After all, the international community is not limited to the UN Security Council or the G20. Russia's military aggression against Ukraine has shown how every country in the world, regardless of its gross

domestic product or geographical location, can contribute to the process of restoring international peace, stability and security.

For the resistance to be effective, Ukraine needs allies. The attitude of Europe and the United States of America is more or less unanimous and clear towards Russian invasion. The opposite situation takes place among Asian countries, for instance. Some countries have been favorably disposed towards Vladimir Putin's regime for many years due to their authoritarian form of government. Other countries, mainly due to both lack of diplomatic communication from Ukraine and lasting Russian propaganda from the opposite side, simply do not understand the context thus calling the war a 'conflict' or 'situation', etc. Other states take a neutral position, which is more likely to be a disadvantage for us in our asymmetric war against Russia.

Such international context is the reason for Ukraine's foreign policy transformation. Following the adoption of the new Foreign Policy Strategy, Ukraine is turning its attention to Southeast Asia and to the ASEAN member states the region is associated with. The Association is an extremely promising partner for Ukraine. This is primarily due to the political and economic weight of the organization in the SEA. However, in order to ensure a favorable positioning, Ukraine must first establish mutually beneficial bilateral relations with all ten ASEAN countries. The Observer status in the ASEAN Inter-Parliamentary Assembly will solely contribute to this.

Most important areas of potential interaction between Ukraine and ASEAN were formulated in policy-paper «Ukraine-ASEAN: A Vision for Cooperation» in 2024. The document provides information on such possible areas as agriculture, food, energy, the digital sector, trade, disaster management, demining and cross-cultural dialogue. Given the realities, the most relevant areas of cooperation for Ukraine at the moment are certainly demining and disaster management. The unique experience of ASEAN member states may be extremely helpful and valuable for us. The most promising area of bilateral cooperation in terms of dynamics of growth is, undoubtedly, the digital sector. This is where Ukraine already has something to be proud of and something to offer. Ukrainian digital platform «Diia» is considered to be one of the most advanced and user-friendly public services applications in the world. Trade and agriculture continue to hold traditionally stable position in bilateral relations, but they also have a chance to reach a new level thanks to direct access to Southeast Asian markets and the elimination of trade barriers and custom duties. In the future, Ukraine plans to become a sectoral partner and later to acquire the status of a development partner. This will greatly strengthen Ukraine's economic position in the world. Finally, we should not forget about the socio-cultural exchange between our countries. Intensifying contacts at the horizontal level will help to deepen mutual understanding of our communities, expanding the scope of socio-political understanding of the context of certain events.

The document is not a step-by-step guide, but it sheds light on the prospects for further cooperation in a number of areas of common interest. Even now, some of them are highly likely to become a long-lasting story. However, only a consistent state policy of strengthening relations with the countries of the South Asia will allow Ukraine to enlist the support of ASEAN and improve its position in the world.

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УДК 327:7

SPORTS DIPLOMACY AND SOFT POWER: ANALYSIS AND PROSPECTS OF APPLICATION OF WORLD PRACTICES FOR UKRAINE

СПОРТИВНА ДИПЛОМАТІЯ І М'ЯКА СИЛА: АНАЛІЗ І ПЕРСПЕКТИВИ ЗАСТОСУВАННЯ СВІТОВИХ ПРАКТИК ДЛЯ УКРАЇНИ

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Annotation. *This article explores the concept of sports diplomacy as an effective tool for enhancing national soft power and diplomatic reach, particularly for Ukraine. It examines successful models from Saudi Arabia, Australia, and the European Union. Saudi Arabia's approach demonstrates the power of using sports for global influence through significant investments and hosting international events. Australia's model highlights a government-led strategy that supports sports diplomacy, knowledge sharing and community development. The European Union's use of sports diplomacy focuses on promoting peace and cooperation among member states. For Ukraine, adapting these models offers a pathway to amplify its international voice and align sports initiatives with diplomatic goals. The article suggests that Ukraine can leverage sports diplomacy to strengthen international relationships, enhance its global presence, and promote values effectively.*

Key words: *Sports diplomacy, soft power, public diplomacy, global influence, Ukraine's foreign policy.*

Анотація. *У статті досліджується концепція спортивної дипломатії як ефективного інструменту використання м'якої сили в рамках публічної дипломатії, особливо для України. Стаття розглядає успішні практики спортивної дипломатії Саудівської Аравії, Австралії та Європейського Союзу. Підхід Саудівської Аравії демонструє як спортивна дипломатія посилює дипломатичний вплив через значні інвестиції та проведення міжнародних заходів. Модель Австралії вказує як урядова стратегія створює засади для успішного використання спортивної дипломатії і посилення впливу на регіон. Використання спортивної дипломатії Європейським Союзом зосереджено на сприянні миру та співпраці між державами-членами. Для України адаптація цих моделей пропонує шлях до посилення її міжнародного впливу та узгодження спортивних ініціатив з національними дипломатичними цілями. Стаття вказує, що Україна може використовувати спортивну дипломатію для зміцнення міжнародних відносин, посилення своєї глобальної присутності та ефективного просування цінностей.*

Ключові слова: Спортивна дипломатія, м'яка сила, публічна дипломатія, глобальний вплив, зовнішня політика України.

Introduction. Sports diplomacy has evolved into a powerful asset of soft power, urging countries to use it in public diplomacy efforts to support a larger governmental agenda, back diplomatic efforts, and amplify their international voices. The emerging powers and well-recognized actors develop strategies, hold events, and use sports as a platform to establish their image and communicate their values. In this regard, the cases of Australia, Saudi Arabia, and the European Union are blatant in showing how the government and governmental actors can use sports events to impact the international public and back the messages conveyed to them. For Ukraine, the specific approach provides an instrument to support Ukraine's diplomatic efforts, amplify crucial diplomatic messages, and impact diverse public actors.

The particular article explores the nature of sports diplomacy and the success of international actors in its implementation and offers implications for Ukrainian decision-makers and sports management people. The study problem requires an examination of successful cases of sports diplomacy application, their development, and applied frameworks. It will allow for a deeper understanding sports diplomacy realm and its prospects for Ukraine, especially in terms of a need to amplify international voice and align governmental efforts with diplomatic messages and strategy.

By evaluating and assessing developments and successful cases of sports diplomacy implementation, the research contributes to the discourse and shows how a government can use it to support diplomatic efforts on different levels. The particular research analyzes the key aspects and outcomes of sports diplomacy, contributing to our comprehension of the soft power, country image, and support of governmental initiatives.

The purpose of this article is to analyze the impact of sports diplomacy, examine the experience and sports diplomacy application of third countries, and offer prospects of how Ukraine can use it to strengthen its international efforts.

Literature review. Even though the term sports diplomacy has been circulating academic circles for some time, it lacks a standalone definition and leaves room for its implications for high-level diplomacy as well as its impact on the public. Thus, the right approach contemplates mentioning the development of the term from a nation-state tool supporting governmental agenda or international position to the non-state application by organizations and various actors.

To begin with, it is crucial to consider that the early examinations of sports diplomacy describe sports events as an instrument to symbolize or underline diplomatic changes or developments. Peppard and Riordan (1992) use this term to display the rivalry between the Soviet Union and the USA, whereas Soares (2007) underlines the role of hockey in ideological rivalry during the Cold War.

Yet, another source (Millwood, 2022) offers a positive implication of sports diplomacy, sharing how Ping-pong diplomacy was crucial to supporting the establishment of relations between China and the United States in the 1970s. At the same time, Berg (2021) underlines the role of boycotts as a form of political communication. One most comprehensive review of sports diplomacy usage was performed by Postlethwaite, V., Jenkin, C., & Sherry, E in their work *Sport Diplomacy: An Integrative Review*.

Nevertheless, modern academic consideration of sports diplomacy contemplates its usage by non-state actors in the realms of peace promotion and principles sharing. Subject to Postlethwaite et al. (2022), such organizations as the United Nations, the International Olympic Committee, and the European Union are proactive in using this term to back peace agendas.

On the other hand, it is crucial to admit that the power of non-political personalities in exerting soft power. Subject to Polishchuk and Olishevska (2022), individuals, getting political acumen and skill, can “quantitatively unite significant masses of people” (p.16). Such a phenomenon can be traced in relation to famous sportspersons. It is backed by the idea that modern international relations do not exclude cooperation with actors that work across state borders and represent sub-state actors, individuals, or groups (Gebhard, 2017).

The review of these literature pieces allows for a deeper understanding of actors involved in the sports diplomacy exercised by the leading actors. With that in mind, there is an understanding that different states apply models and have peculiarities that emerge from the actors involved, the governmental system, and the foreign policy at the core.

Main results of the research. The analysis and perspectives of application of world practice for Ukraine require not only the evaluation of the successful cases performed by other countries but also consideration of the peculiarities and resources of their international system in relation to Ukraine's agenda, resources, and domestic and international capabilities. In Ukraine, sports diplomacy is largely regulated via the system of sports committees and subdivisions of physical culture and sports that are funded by the state budget (Filippova, 2020). However, the lack of financing and security issues during wartime make it harder for Ukraine to host events, exercise costly campaigns, and participate in diverse sports tournaments.

It contemplates that Ukrainian state and non-state actors have to focus on horizontal strategies and have a targeted approach when choosing the right approach to shaping the policy and agenda of sports diplomacy. The applicable strategies will correspond to the partnerships, application of influence of individual actors, and joint projects with international non-state sports organizations and actors. The best perspectives would refer to the initiatives that will help Ukraine support its voice and international messages related to the Russian-Ukrainian war as some studies suggest that people (39%) "avoided news" about the war, especially in countries that are closer to Ukraine (Newman, 2023).

The successful cases of sports diplomacy allow for finding the principles and methods that can be applied by Ukraine. The first case that should be analyzed relates to Saudi Arabia and its efforts to use soft power and support its international image, alongside other reasons related to economic diversification and human rights issues. Importantly, Saudi Arabia, having enormous financial resources, adopted the strategy of investing in sports properties, hosting mega sporting events, and funding sports leagues of other countries. The roots of such a strategy emerged from the initiative of Saudi Arabia's Crown Prince Mohammed bin Salman called "Vision 2030" (Ettinger, 2023). As a consequence, the football clubs of the minor Saudi Arabia league managed to bring famous football stars to the country, while Saudi actors invest in several big clubs in Europe and continue to discuss and close deals related to other popular sports, including F1, Tennis, and Golf (Martini, 2023).

The results of such developments have a substantial effect on economic diversification, create an image of an economic and entertainment hub, and allow the country to handle sportswashing (Ettinger, 2023). The latter term should be further discussed as if Ukraine considers Saudi Arabia as a partner in sports diplomacy, it can bring certain risks to Ukraine. There, *sportswashing* contemplates using sports events as "a deliberate attempt by an entity to exploit a sports property to counteract negative information," for instance, human rights abuse (Bergkvist & Skeiseid, 2024). That way, via the image transfer, the countries can alter their perception of the country. Such a strategy supports public diplomacy through cross-cultural cooperation, top-level diplomatic meetings, and deeper cultural understanding.

One can doubt that there are solid implications of the experience of Saudi Arabia for Ukraine. Sure, considering the difference in financial capabilities and goals in foreign diplomacy goals, as well as the inability to host international events, Ukraine can not fully resort to the model applied by Saudi Arabia. Nevertheless, Ukraine can take several lessons from what Saudi Arabia did. Firstly, Ukraine can target famous sportspersons and with the help of other organizations, certain individuals, or simply based on common values, ask them to become ambassadors of Ukraine. In particular, such famous sportspersons as Andriy Shevchenko, Olexander Usyk, and Elena Svitolina already represent Ukraine's United24 initiative. (TES-D Project Team, 2024). Using industry, committee, and non-state connections, Ukraine should ask famous sportspersons to come to Ukraine, participate in Ukrainian initiatives, and convey messages about the Ukrainian war that come in line with Ukraine's foreign policy. The critical non-state actors that can be targeted should have enough influence so that the image can be transferred to benefit the goals of Ukraine.

Another perspective is concerned with the usage of Saudi Arabia's entertainment hub as a platform for networking and performance of Ukrainian sports stars. A vivid example of how it can be organized is the box event between Usyk and Fury, making Saudi Arabia a “leading country in the world for boxing” (Noble & Omran, 2024, par.4). This mega event can lay the foundation for further events, while for Ukraine it presents an opportunity to use the attention of media to amplify the message and promote the problems the country is experiencing. Notably, there are for sure some risks that Ukraine should try to mitigate. The fact that some people associate events in Saudi Arabia with sportswashing is just one of them. Yet, extrapolating this case to other regions, Ukrainian non-state representatives can use their image to organize events in other countries and make an impact on the regional or local levels and niche sports.

Other than that, the important realm of sports diplomacy relates to the framework and guidelines laid down by the government. There, a successful case of how the government sets development refers to the Australian “Sports Diplomacy 2030” Strategy. According to Murray (2013, p.5), sport plays a vital “role in shaping a country’s identity and culture,” whereas the Australian Institute of Sport is considered one of the best practice models for athletes. However, what allowed Australia to turn such devotion into a soft power affecting their international in the region and world is the government-led strategy. Its power lies in the framework first set in the strategy 2015-2018, and now developed in the 2030 plan. Subject to the EU report (Parrish et al., 2022), the initial goal of the Australian sport diplomacy approach was to: empower Australian sports to represent Australia globally, build linkages with neighbors, attract investments and maximize trade, and strengthen communities through sports. It was made possible due to the focus on the use of technology, like the creation of portals for knowledge sharing, development pathways and sporting codes, and support of and participation in global efforts and institutional policies.

For instance, the Australian government reports that the wins of such a strategy were using more than 50 partnerships to enable more than 1 million participation in sporting activities and the creation of strong connections with “Asian region due to cooperation arrangements with India, Japan, Malaysia, Singapore, and Sri Lanka” (Australian Government, 2019, p.5). There, creating opportunities and pathways for knowledge sharing and leadership was crucial for sportspersons to learn aspects of sports diplomacy. It allowed them to use mechanisms to represent the country, conduct communication in line with national interests, and act as ambassadors of Australia.

The framework and experience of the Australian government can be extremely useful for Ukraine despite the lack of resources and capabilities to handle large campaigns and programs. In particular, focusing on building linkages with neighboring countries that support the sovereignty of Ukraine and strengthening Ukrainian communities abroad can help Ukraine raise awareness about the war and support the discourse that citizens of neighboring countries tend to ignore in the media. It can find its realization if Ukraine develops a unified Ministry-led policy that will offer a way to connect national actors and entities with communities and institutions abroad. There, the pathways, sporting codes, and access to participation in events will be crucial. Yet, the risks in this regard still exist, as migration concerns exist.

Another important practice that can be used by Ukraine lies in the provision of specific education about sports diplomacy to Ukrainian professional sportspersons. Australian strategy underlines the following points to empower Australian sport to represent Australia globally: enhance knowledge, skills, and connections, increase representation in international sporting bodies and associations, and develop tools to share governmental expertise and successes with the sports industry (Australian Government, 2019, p. 11). As a result, the strategy offers a comprehensive tool where a non-state actor gets knowledge, tools, platform, and influence to represent the country and convey necessary messages. Importantly, the Ministry of Youth and Sport of Ukraine has already taken the first steps by announcing Training on Sports Diplomacy for professional sportspersons and representatives of the Ministry and Committees (Ministry of Youth and Sport of Ukraine, 2024). However, to maximize the possible effects, a more comprehensive approach may be needed, that will offer knowledge systems, continuous training, and support. For instance, for the top professionals who already are ambassadors of the UNITED 24 platform, it can be crucial

knowledge to represent the country and raise the issues that require coverage. In the end, looking at the experience of Australia, proper education and training of non-state actors can allow them to perform the functions that nowadays envoys and diplomats perform.

Lastly, the development of sports diplomacy in the EU requires analysis as it offers decent opportunities for Ukraine and its non-state sportspersons. Ukraine can take advantage of initiatives and developments provoked by the EU resolutions and learn from the experience of member states. It is worth noting that sport seems to fail to be “of primary importance to EU policymakers”, yet, there is strong opportunity and potential for the growth emerging from a problem stream, an issue recognized by the society, and the latest resolution related to sports diplomacy (Parrish, 2022). The main issues of EU sports diplomacy refer to a lack of collective voice, even though some member states adopted national sports diplomacy strategies and the chaotic nature of how the agenda is established. However, the existence of a political stream in regard to sports diplomacy, and its prioritization in the last two consecutive EU Work Plans, contemplates the creation of a new strategy with renewed frameworks and funding instruments (Parrish, 2022).

For Ukraine, it offers certain opportunities to connect with neighboring countries, and crucial partners and back an established discourse for sustainable peace. In particular, the EU organizational culture, representing a “set of principles and rules that will serve as the basis for making decisions and implementing measures”, seems to be a crucial component of the future framework (Parrish et al., 2022, p.42). Thus, Ukraine should take it into account when building its own sports diplomacy approach, so that in pursuit of reaching global audiences via sports diplomacy there is no mismatch with the neighboring countries and potential sports partners in the European Union.

Also, the prioritization of sports diplomacy in EU Work Plans signals that Ukraine should consider how it can implement a discourse supporting Ukraine’s peace efforts into future policies. For instance, EU sports diplomacy aims to play an active role in the promotion of peace and stability, whereas the adoption of the Arrangement for Cooperation between the European Commission and the Union of the European Football Associations (UEFA), declared the promotion of “values and principles common in Europe” as one of its objectives (Parrish et al., 2022, p.14). It opens a room for lobbying the interests of Ukraine at the regulatory level and sets the discourse for regulations in regard to football matches under UEFA tournaments.

Concerning the experience of European countries, it is important to underline the activities of Croatia that leveraged its performance in the FIFA World Cup to strengthen its international image. For example, on the basis of the Croatian Sports Diplomacy Strategy, the “Croatian Ministry of Tourism and Sport and the Croatian Ministry of Foreign and European Affairs” had a task to create a separate body to work on short-term sports diplomacy issues (Parrish et al., 2022, p.39). It implies that Ukraine can consider the creation of specific bodies before large sports events to support professional sportspersons during the events and help them handle communication and country representation effectively.

Conclusions. The analysis of sports diplomacy case studies of Saudi Arabia and Australia and developments within the European Union offers strategic insights for Ukraine, providing perspectives for leveraging sports to enhance international diplomacy and image.

Upon analysis of the approach by Saudi Arabia, it is clear that the country uses sports as a platform for soft power, through hosting events and making significant sports investments. It offers ways on how Ukraine could elevate its international presence. Despite financial constraints and opportunities, Ukraine could focus on maximizing its existing sports presence through famous sportspersons, using large events, developing partnerships and networking to use Saudi Arabia's platform, and, that way transfer image and diplomatic engagement.

The examination of Australia's model demonstrates the benefits of a government-led strategy that focuses on regional linkages, communities, and sports diplomacy knowledge sharing. Ukraine could adopt similar practices to learn non-state actors on sports diplomacy and leadership, use sports to strengthen community ties, and build international relationships. That way, it could enhance its global presence and be a part of the media agenda in neighboring countries.

Lastly, the developments within the European Union contemplate the potential adoption of a comprehensive strategy for sports diplomacy. It can be described as a window of opportunities, where Ukraine should consider collaborating with European sports bodies to advocate for peace and stability and align its sports diplomacy with broader European efforts to improve its standing in neighboring countries.

By adapting elements from these models, Ukraine can develop a robust sports diplomacy strategy that supports its diplomatic objectives and leverages sports as a tool for national development and international cooperation.

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СУЧАСНА СИСТЕМА МІЖНАРОДНОГО ПРАВА

УДК 341.171

THE ISSUES OF CHALLENGING EU SANCTIONS DECISIONS: MECHANISMS AND CJEU CASE LAW ANALYSIS

ПИТАННЯ ОСКАРЖЕННЯ РІШЕНЬ ЩОДО НАКЛАДАННЯ САНКЦІЙ ЄС: МЕХАНІЗМИ ТА АНАЛІЗ СУДОВОЇ ПРАКТИКИ СУДУ ЄС

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Abstract. *This article examines the legal framework and judicial oversight of the European Union's (EU) restrictive measures, which are integral to the EU's Common Foreign and Security Policy (CFSP). The focus of this study is on the mechanisms available for challenging these measures and the pivotal role played by the Court of Justice of the European Union (CJEU) in ensuring their legality and procedural fairness. Through a comprehensive analysis of relevant case law, this article explores the procedural requirements for challenging sanctions, including the prerequisites for standing, the timelines for lodging complaints, etc. It highlights the CJEU's approach to balancing the EU's policy objectives with the protection of fundamental rights, emphasizing the court's scrutiny of the Council of the EU's decisions and the necessity for robust evidence supporting sanctions. Key findings include an examination of the evolving landscape of EU sanctions in response to geopolitical events, such as the conflicts involving Russia and Ukraine, and the legal challenges that have arisen from these measures. The article provides insights into the broader implications for international law and the ongoing need for judicial oversight to ensure the effectiveness and fairness of EU sanctions.*

Keywords: *restrictive measures, EU Law, Court of Justice of the European Union, Council of the European Union, Common Foreign and Security Policy, locus standi, human rights, case law.*

Анотація. *В статті досліджується законодавча база та судовий нагляд за обмежувальними заходами Європейського Союзу (ЄС), які є невід'ємною частиною Спільної зовнішньої та безпекової політики ЄС. Основна увага цього дослідження зосереджена на механізмах, доступних для оскарження санкцій, і на ключовій ролі, яку відіграє Суд Європейського Союзу у забезпеченні їх законності та процесуальної справедливості. Шляхом комплексного аналізу релевантного прецедентного права у статті аналізуються*

процедурні вимоги для оскарження санкцій, у тому числі передумови правоздатності, строки для подання скарг та інше. Зокрема, підкреслюється підхід Суду ЄС до балансування між політичними цілями ЄС та захистом фундаментальних прав, розглядається питання про перегляд на предмет правомірності Судом рішень Ради ЄС та на необхідності обґрунтованих доказів на підтримку санкцій. Основні висновки включають аналіз еволюції санкцій ЄС у відповідь на геополітичні події, такі як конфлікти за участю Росії та України, а також юридичні проблеми, які виникли внаслідок цих заходів.

Ключові слова: обмежувальні заходи, право ЄС, Суд Європейського Союзу, Рада Європейського Союзу, Спільна зовнішня політика та політика безпеки, *locus standi*, права людини, прецедентне право.

Introduction. The European Union's (EU) restrictive measures, commonly known as sanctions, constitute a vital tool within the European Union's Common Foreign and Security Policy (CFSP). These measures serve as a dynamic response to global challenges, aligning with the EU's core values, fundamental interests, and security objectives. By targeting governments, non-state entities, and individuals, EU sanctions aim not merely at punitive actions but rather at inducing policy shifts and promoting democratic principles, human rights, and adherence to international law. In recent years, the Court of Justice of the European Union (CJEU) has emerged as a critical arbiter, scrutinizing the legality, procedural fairness, and impact of these sanctions. This article delves into the intricate legal framework, significant case law, and the evolving landscape of EU restrictive measures, a delicate balance between security imperatives and judicial oversight.

Purpose of the article. The primary objective of this article is to provide a comprehensive analysis of EU restrictive measures, focusing on legal aspects, case studies, and procedural requirements. By examining recent CJEU judgments, we aim to shed light on the evolving landscape of EU sanctions and their impact on affected individuals, entities, and international relations. Additionally, we explore the balance between fundamental rights and the EU's policy objectives in sanction implementation and aim to understand how the CJEU navigates these complex issues comprehensively. Furthermore, this article seeks to contribute to the scholarly discourse on international law, EU sanctions regulations, and human rights by offering insights for policymakers, legal practitioners, and academics.

Literature review. Authors such as Arnall (2006), Chachko (2019), Challet (2020), Ross (2023), Lonardo (2023), and others have significantly contributed to our understanding of CJEU as a key player in EU jurisprudence. Arnall (2006) in his book provides an in-depth analysis of the Court of Justice of the European Union's role in the EU's institutional structure, its contribution to the EU's constitutionalization and substantive law development, and its impact on national laws, particularly in terms of remedies and fundamental rights protection. Chachko (2019) in her studies examines the practical implications of the CJEU's intervention in foreign affairs, particularly due process review. Lonardo (2023) examines challenges to EU sanctions against Russia, highlighting the CJEU's role in balancing judicial protection and CFSP. Pursiainen (2018) focuses on fundamental rights in the context of targeted EU sanctions. Roos (2023) analyzes CJEU standards of proof in cases involving targeted human rights sanctions. Finally, Challet (2020) reflects on the CJEU's review of EU sanctions post-Ukraine crisis. These works collectively inform our understanding of the CJEU's approach to restrictive measures and its broader implications for international law.

Main Results of the Research. EU restrictive measures, also known as sanctions, are an essential tool of the EU's Common Foreign and Security Policy (CFSP). They allow the EU to respond to global challenges and developments that go against its objectives and values. These measures are not punitive but are intended to bring about a change in the policy or conduct of those targeted, intending to promote the objectives of the EU's CFSP. These objectives include safeguarding the EU's values, fundamental interests, and security, supporting democracy, the rule of law, human rights, and international law, preserving peace, preventing conflicts, and strengthening international security (Council of the EU, 2024).

EU restrictive measures can consist of asset freezes, travel bans, arms embargoes, embargoes on equipment that might be used for internal repression, other export restrictions (targeting specific sectors), or import restrictions. The EU can also implement a ban on the provision of financial services and/or investment bans against a targeted country. In addition, as exemplified by the restrictive measures against Belarus or Russia, the EU can also implement flight bans, restrictions on access to its airspace and ports, or a ban on land road transport. The EU has over 40 different sanctions regimes in place. Some are mandated by the United Nations Security Council, while others are adopted autonomously by the EU (EUR-lex, 2023).

The primary legal instruments for EU restrictive measures are the Treaty on the Functioning of the European Union (TFEU) and the Treaty on European Union (TEU). Article 29 TEU allows the Council of the European Union to adopt restrictive measures (sanctions) against governments of countries that are not part of the European Union (EU), non-state entities (for example, companies), and individuals (such as terrorists) to bring about a change in their policy or activity. Under Article 215 TFEU, the Council may adopt the necessary measures to implement decisions adopted under Article 29 TEU to ensure they are applied uniformly in all EU Member States (EUR-lex, 2023).

The EU adopts and reviews sanctions through a well-defined process. The decisions and regulations on sanctions are adopted by the Council of the EU by unanimity. The EU sanctions apply within the jurisdiction of the EU.

The process for adopting a Council decision involves a proposal made by the High Representative of the Union for Foreign Affairs and Security Policy (HR). The proposed measures are then examined and discussed by the relevant Council preparatory bodies. If the Council Decision includes an asset freeze and/or other types of economic and/or financial sanctions, those measures need to be implemented in a Council regulation.

The Council regulation, based on the CFSP Council decision, is presented as a joint proposal by the HR and the European Commission. The regulation lays down the precise scope of the measures and details for their implementation. The Council decision enters into force upon publication in the official journal of the European Union (Council of the EU, 2024).

All existing restrictive measures are continually scrutinized to ensure their ongoing effectiveness in achieving their intended goals. The restrictive measures put in place following UN Security Council resolutions do not have a predetermined expiration date. These measures are modified or revoked promptly following a UN decision. While UN provisions are indefinite in duration, EU autonomous provisions undergo a review at least annually. Though Council decisions that impose EU autonomous restrictive measures are in effect for 12 months, however, the corresponding Council regulations do not have a set end date. Before the extension of such a Council decision, a review of the restrictive measures is conducted by the Council. Based on the evolution of the situation, the Council may choose to modify, prolong, or halt these measures (Council of the EU, 2024).

A natural or legal person has *locus standi* to annul regulatory acts that are of direct concern to it, or provisions of direct and individual concern to it, or measures addressed to it (Article 263 TFEU). Thus individuals, entities, and organizations targeted by EU restrictive measures have the right to challenge them before the CJEU. Legal persons include third countries, as the Court established in Venezuela (Fernández, 2021). This finding in the Venezuela judgment enables Russia, Belarus, and even—hypothetically—Ukraine to challenge the restrictive measures. The challenge would not be admissible against all the provisions in the sanctions, but only against those fulfilling the conditions of Article 263 fourth paragraph TFEU (Lonardo, 2023).

The CJEU, established under Article 19 of the TEU, plays a pivotal role in the EU's CFSP, particularly in the realm of sanctions policy (European Parliament, 2022). As the judicial arm of the EU, the CJEU is tasked with interpreting EU law to ensure its equal application across all EU member states. This includes assessing the legality of Council decisions related to sanctions and restrictive measures (Lonardo, 2023).

The process of challenging restrictive measures involves several steps. First, a *direct action* under Article 263 4th paragraph and Article 275 2nd paragraph TFEU or second, an *indirect action*

through the preliminary ruling procedure according to Article 267 TFEU can be initiated (Vomáčka, 2023). The direct action under Article 263 TFEU allows individuals, organizations, or member states to challenge the legality of an act of the European Union's institutions, bodies, offices, or agencies. This action can be brought on the grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaties or of any rule of law relating to their application, or misuse of powers (Craig & De Búrca, 2020). On the other hand, the indirect action through the preliminary ruling procedure under Article 267 TFEU enables national courts to refer questions of EU law to the CJEU during proceedings. The CJEU then provides interpretations of EU law or reviews the legality of acts by EU institutions. This mechanism ensures the uniform application and interpretation of EU law across all member states (Arnull, 2006). However, it's important to note that the process of challenging restrictive measures is complex and requires a deep understanding of EU law and procedures. It's also subject to strict time limits and procedural requirements.

First of all, to bring a case before the CJEU, the applicant must demonstrate standing. This means they must be directly and individually concerned by the contested act. A case shall be brought by a written application and must specify the subject matter of the dispute, the arguments, and a summary of the pleas in law on which the application is based (Article 21, Statute of the CJEU).

Secondly, due to Article 256 TFEU jurisdiction to hear and determine at first instance actions or proceedings lodged by individuals or companies against acts by EU institutions that are addressed to them or that affect them directly and individually (direct actions) obtains by the General Court (GC). It is important to note that the decisions given by the GC may be subject to a right of appeal to the Court of Justice on points of law only, under the conditions and within the limits laid down by the Statute of the CJEU.

The timeframe for lodging a challenge against EU sanctions before the CJEU is two months. This period begins from the date of the measure's publication, its notification to the complainant, or, if neither of these occurred, from the day the complainant became aware of it, depending on the situation (Article 263 TFEU). However as stated in Article 59 Rules of Procedure of the General Court (RPGC) in cases where the time limit allowed for initiating proceedings against a measure adopted by an institution runs from the publication of that measure in the Official Journal of the European Union, that time limit shall be calculated from the end of the 14th day after such publication. Due to the complexity of the issues involved, the need for a thorough examination of the facts and legal arguments, and the procedural requirements of the court, it is important to note that legal proceedings in the CJEU can take several years.

Among the other procedural requirements is the obligation to be represented. It means that the party must be represented by an agent or a lawyer due to the provisions of Article 19 of the Statute of the CJEU. The lawyer representing a party must be authorized to practice before a court of a Member State or of another State which is a party to the EEA Agreement. In case the party represented by the lawyer is a legal person governed by private law, the lawyer must have the authority to act given by that person (Article 51 RPGC). The language of the case is determined by the applicant, except for the cases listed in Article 45 RPGC. It must be one of the EU's official languages (Article 44 RPGC). The applicant must provide evidence to support their claims. This can include documents, witness statements, expert opinions, etc. It's important to note that these are general requirements and the specifics may vary depending on the individual case and the nature of the sanctions being challenged.

Concerning the Russian war against Ukraine (2021) and an earlier Crimea occupation crisis (2014), the EU implemented the most extensive sanctions ever, focusing on the economies of Russia and Belarus, and affecting numerous individuals and entities from Ukraine and Russia as well. This led to numerous amount of litigation before the CJEU. This litigation raised important legal issues linked to the CFSP, among which the extremely wide margin of appreciation of the Council regarding the adoption of restrictive measures, and the extent of judicial review to be exercised by the Court over them (Challet, 2020).

The first package of sanctions imposed by the EU in 2014 was annulled by the CJEU. While most cases challenging the sanctions are still pending, we can draw lessons from previous case law on EU restrictive measures. Notably, the Court has upheld almost all restrictive measures targeting Russian natural and legal persons of the very first wave of restrictive measures after the 2014 crisis, except *Rotenberg*. However, when it comes to sanctions against the Ukrainians, the outcome has been clear-cut: the majority of these sanctions were annulled by the Court of Justice. For instance, cases involving *Oleksii Azarov*, *Klyuyev*, *Yanukovych*, *Pshonka*, and *Klymenko* resulted in the annulment of sanctions in the first instance. In other cases, the General Court upheld the sanctions, but they were ultimately annulled by the Court of Justice (Challet, 2020).

Common in all those cases is that the individuals' success relies on the invocation of procedural flaws, particularly the Council's insufficient investigation of the information on which the inclusion or maintenance of individuals' names to the sanctions list is based, i.e., the Council's supporting evidence (Verheyen, 2019).

One of the good examples of the latter is *Portnov v. Council* case. On the 26th of October 2015, the Judgement of the GC annuls Council Decision and Regulation, both dated 5th of March 2014, in so far as they concern *Portnov*. Notably, this was done after an actual Council Decision and Regulation were amended by several Council's Implementing Decisions and Regulations, in regards to submitted written request by *Portnov* to the Council asking to reconsider the inclusion of his name on the list and to state the grounds on which it was included. Even after those amendments the name of *Portnov* no longer appeared on the list, he did not, however, change his position and retained interest in bringing proceedings (*Portnov v. Council*, Case T-290/14).

As we can see in the *Portnov* case, despite the Council's broad discretion in this context, it faced censure for failing to comply with Article 47 of the EU Charter of Fundamental Rights (EUCFR). The effective judicial protection enshrined in that provision was compromised due to the absence of a robust factual basis when the Council imposed or extended sanctions. This solid factual basis pertains to the credibility of evidence justifying the inclusion and retention of an individual's name on the sanctions list. Consequently, the Council is obligated to verify or investigate the specific reasons or factual allegations supporting an individual's listing. The same compliance issue with EUCFR appeared in the judgments in other cases, like *M. Azarov*, *O. Azarov*, *Stavytskyi*, *Klyuyev*, and *Arbuzov*.

In situations where the validity of an EU act is questioned under Article 267 TFEU, the Court faces the delicate task of balancing fundamental rights (FRs) and the general principles of EU law against the objectives of the CFSP pursued by the Council. This requires a careful consideration of competing interests to ensure a fair and legally sound outcome. Initially, the validity of sanctions is assessed concerning the same procedural FRs as in annulment procedures. These include the obligation to state reasons, the right to defense, and the right to effective judicial protection.

In evaluating the requirement to provide reasons, the Court followed its established case law and considered cases related to EU sanctions in response to the Ukrainian crisis. The requirement for a statement of reasons, as stipulated by Article 296 TFEU and Article 41(2) EUCFR, must be appropriate to the nature of the contested act and its context. The statement should disclose the reasoning behind the measure, allowing affected individuals to understand the basis for their inclusion. While it need not cover all relevant facts and legal points, the adequacy of the reasons depends on the known context and practical constraints. Balancing precision with practical realities is essential (*O. Yanukovych v. Council*, T-348/14).

However, in later CJEU judgments there is a clear controversy, as to what was ruled before. As stated in the recent GC judgment in the case *Pumpyanskiy v. Council* in the absence of investigative powers in third countries, Union authorities assess restrictive measures based on publicly available sources such as reports, press articles, and similar information. The GC determined that although Dmitry Pumpyanskiy was not directly involved in the acts of military aggression in Ukraine, his active participation in economic sectors served as a significant source of income for the Russian Federation government. These precautionary measures, while restricting certain fundamental rights, are evaluated in light of their social function. The GC has found that the

impact on affected individuals is mitigated by the possibility of using frozen funds for basic needs and obtaining specific authorizations for releasing funds or other economic resources. Additionally, entry into the EU is not entirely excluded, especially in cases of urgent humanitarian grounds. Thus the GC dismissed the actions brought by Pumpyanskiy (*Pumpyanskiy v. Council*, T-270/22).

Secondly, the Court had to scrutinize again substantive FRs, such as the right to property (Article 17(1) EUCFR) and the freedom to conduct business (Article 7 ECR). The Court examined them together in light of the fundamental principle of proportionality. The position of the Court in regards to mentioned before was written in the Judgment of *Rosneft v. Council*. In the context of *Rosneft* challenging the proportionality, the Court emphasizes the EU legislature's broad discretion in politically, economically, and socially complex areas. The legality of such measures can be questioned only if they are manifestly inappropriate relative to the intended objective. Contrary to *Rosneft's* claim, the targeted approach - aimed at increasing costs for Russia's actions against Ukraine - is consistent with the objective. Additionally, fundamental rights (e.g., freedom to conduct business, right to property) are not absolute; restrictions are permissible if they align with public interest objectives and avoid disproportionate interference. Thus interference with *Rosneft's* freedom to conduct a business and its right to property cannot be considered disproportionate (*Rosneft v. Council*, C-72/15).

Another recent case the GC ruled on was the case of *Islentyeva v. Council* on the matter of economic trade sanctions. The Court clarified the EU regulation on restrictive measures concerning the prohibition on the use of Russian-related aircraft in the EU territory as a consequence of Russia's actions destabilizing the situation in Ukraine. Specifically, the case involved a pilot with dual Russian and Luxembourg citizenship contesting an EU regulation. The regulation, particularly Article 1(2) of Decision (CFSP) 2022/335 (which inserted Article 4e into Council Decision 2014/512/CFSP), prohibited the use of Russian-related aircraft due to Russia's actions destabilizing Ukraine. The Directorate for Civil Aviation of Luxembourg denied recognition of the pilot's right to use her private pilot license for EU landings, takeoffs, or overflights. The authority argued that the regulation applied to Russian pilots exercising effective control over an aircraft. However, the GC clarified that the term 'control' in the EU Decision pertained only to economic or financial control, excluding Russian citizens with private pilot licenses. Interpreting the prohibition otherwise would be manifestly inappropriate given the objective of exerting pressure on Russia to uphold international law and Ukraine's territorial integrity. Ultimately, the applicant's action was dismissed as inadmissible (lack of *locus standi*), and the GC emphasized its limited jurisdiction in recognizing the pilot's right under Article 263 TFEU (*Islentyeva v Council*, T-233/22).

The case law of the CJEU has significantly impacted the Council's approach to adopting restrictive measures. Notably, several sanctions have been overturned by the Court due to the Council's failure to adhere to procedural rules and provide adequate reasons for its decisions. While it cannot be definitively claimed that the CJEU has fundamentally altered the substance of the Council's policy, there is evidence that the latter has become more diligent in complying with procedural requirements. Recent years have witnessed an improvement in the quality of sanctions listings, characterized by clearer definitions and more substantial justifications for listing individuals and entities. An illustrative example is the *Stavytskyi* case: The applicant argued that the alleged misappropriation of public funds, which Ukrainian authorities had previously examined, did not warrant sanctions. The Ukrainian courts had found no wrongdoing. Consequently, the Council lacked sufficient evidence to maintain the applicant's name on the sanctions list, as it could not demonstrate compliance with the *ne bis in idem* principle. The CJEU upheld this argument, emphasizing the importance of procedural fairness in sanctions decisions (*Stavytskyi v. Council*, T-290/17).

It is important to underline that the CJEU has also significantly influenced the Council's discretion in adopting sanctions based on decisions by third-state authorities. Notably, this impact is evident in cases involving restrictive measures against Ukrainian individuals prosecuted for misappropriation of public funds. Initially, the CJEU upheld the Council's broad margin of appreciation in such matters, aiding anti-corruption efforts. However, as in the cases like *Portnov*

the Court requires the Council to verify compliance with fundamental rights before relying on foreign prosecutors' decisions. These developments have already shaped the Council's approach to restrictive measures.

It should be noted that as mentioned in the Portnov case, there is a right to request to lift restrictive measures before applying to the CJEU, something like a pre-litigation process. Individuals and entities listed under EU sanctions have the option to submit a formal request to the Council. This request, accompanied by relevant supporting documentation, seeks reconsideration of their inclusion on the sanctions list. The submission process involves sending the request to the General Secretariat of the Council (Council of the EU, 2024).

Conclusions. The European Union's approach to restrictive measures, or sanctions, stands as a critical component of its CFSP, embodying a nuanced strategy that balances upholding fundamental rights and advancing international legal standards. We have explored the intricate legal landscape governing EU sanctions, examining significant case law and procedural mechanisms employed by the CJEU. Through an in-depth analysis of various judgments, it is evident that the CJEU plays a pivotal role in ensuring the legality and fairness of these measures, often walking a tightrope between the enforcement of EU policy objectives and the protection of individual rights.

The CJEU's scrutiny of the Council's decisions highlights the dynamic interplay between law and policy in the realm of international sanctions. The Court's insistence on procedural fairness and adequate evidence underscores its commitment to due process and the rule of law, even in the politically sensitive context of foreign policy. This judicial oversight is essential in maintaining the credibility and effectiveness of the EU's restrictive measures, ensuring that they are not only legally sound but also just and equitable in their application.

Furthermore, the challenges to EU sanctions brought forth by various individuals and entities underscore the complex nature of modern international law, where the interests of states, non-state actors, and individuals intersect in multifaceted ways. The examination of recent case law, particularly in the context of the sanctions resulting from the Russian invasion of Ukraine, illustrates the ongoing evolution of the EU's legal framework in response to geopolitical developments. It also highlights the critical importance of maintaining a balance between security imperatives and fundamental rights, a principle that is central to the EU's legal and political ethos.

In conclusion, the analysis presented in this article not only sheds light on the current state of EU restrictive measures but also contributes to the broader discourse on international law and human rights. It underscores the need for continued vigilance and judicial oversight in the implementation of sanctions, ensuring that they serve their intended purpose without undermining the fundamental values that the EU seeks to promote. As global challenges continue to evolve, the EU's commitment to upholding the rule of law and protecting human rights within its sanctions regime will remain a cornerstone of its foreign policy strategy.

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УДК 341.3/.64

INTERNATIONAL LEGAL REGULATION OF PREVENTING THE INVOLVEMENT OF CHILDREN IN ARMED CONFLICT

МІЖНАРОДНО-ПРАВОВЕ РЕГУЛЮВАННЯ ПРОТИДІЇ ЗАЛУЧЕННЮ ДІТЕЙ ДО ЗБРОЙНИХ КОНФЛІКТІВ

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Abstract. The article is devoted to defining the essence and peculiarities of application of the norms of international law in cases of involvement of children in armed conflicts. The article establishes that in the course of development of international law, a number of international instruments, both legally binding and non-binding, have been adopted in order to minimize the risks to which children involved in armed conflicts are exposed. Such instruments pay special attention to the issue of the minimum age of children involved in hostilities and the types of actions that should be prevented in this regard. The gradual process of codification of the international legal protection regime for children has undoubtedly improved their overall protection from the impact of armed conflict. The author draws the following conclusions. The recruitment of children under the age of 15 is directly prohibited by the Convention on the Rights of the Child, the I and II Additional Protocols to the Geneva Conventions, as well as customary international humanitarian law. In addition, the recruitment of children into armed forces is a crime under the Rome Statute. Military duty and the forced recruitment of children under the age of 18 are prohibited by the Optional Protocol and International Labor Organization Convention No. 182. States must take comprehensive measures at the national level to fulfill their obligations regarding the recruitment of children and their participation in hostilities. The implementation of international obligations at the national level undoubtedly begins with the adoption of laws, which are then followed by regulatory and practical measures. Effective protection of the rights of the child, in particular with regard to the involvement of children in armed conflict, is based on such legal documents.

Key words: children's rights, protection of the rights of a child, armed conflict, international legal regulation, international humanitarian law, international treaty, international crime.

Анотація. Стаття присвячена визначенню сутності та особливостей застосування норм міжнародного права у випадках залучення дітей до збройних конфліктів. У статті встановлено, що у процесі розвитку міжнародного права було прийнято ряд міжнародних інструментів, як юридично обов'язкових, так і таких, що не мають обов'язкової сили, для

того, щоб звести до мінімуму ризику, на які наражаються залучені до збройних конфліктів діти. У таких інструментах особлива увага приділяється проблемі мінімально допустимого віку дітей, що залучаються до бойових дій, та типам дій, які слід у зв'язку з цим запобігати. Поступовий процес кодифікації режиму міжнародно-правового захисту дітей, безсумнівно, покращив їхній загальний захист від впливу збройних конфліктів. Автором зроблені наступні висновки. Вербування дітей, які не досягли 15-річного віку, безпосередньо заборонено Конвенцією про права дитини, I і II Додатковими протоколами до Женевських конвенцій, а також міжнародним звичаєвим гуманітарним правом. Крім того, залучення дітей до збройних сил є злочином відповідно до положень Римського статуту. Військовий обов'язок та примусове вербування дітей, які не досягли 18-річного віку, заборонені Факультативним протоколом та Конвенцією Міжнародної організації праці № 182. Держави повинні вжити всебічних заходів на національному рівні для виконання своїх зобов'язань щодо вербування дітей та їхньої участі у бойових діях. Імплементация міжнародних зобов'язань на національному рівні, безперечно, починається з ухвалення законів, на основі яких потім здійснюються нормативні та практичні заходи. Саме на цих правових документах ґрунтується ефективний захист прав дитини, зокрема щодо протидії залученню дітей до збройних конфліктів.

Ключові слова: права дітей, захист прав дитини, збройний конфлікт, міжнародно-правове регулювання, міжнародне гуманітарне право, міжнародний договір, міжнародний злочин.

Introduction. The international legal protection of civilians in armed conflict is a complex issue. The recruitment of children into armed forces or armed groups and their forced involvement in hostilities is a constant feature of modern armed conflicts. The humanitarian consequences are often tragic for the children themselves, as well as for their families, communities and states as a whole. Children who participate in armed hostilities and witness or participate in crimes and acts of violence unknowingly destroy their childhood, leaving irreparable consequences for the whole of their lives, which must be addressed with consistent rehabilitation and assistance. For many decades, the issue of child protection in international and non-international armed conflicts has been a source of serious concern.

At the same time, certain practical difficulties have arisen, since, depending on the legal systems applicable in each individual case, the type and level of obligations of the parties involved in the conflict may significantly change. In addition, in the absence of practical implementation measures developed at the national level, generally accepted rights and obligations often remain unimplemented, i.e., formal.

Given the above, this study is important for scientific and practical purposes.

The purpose of the article is to define the essence and peculiarities of application of international law in cases of involvement of children in armed conflicts.

Literature review. Particular issues of international legal regulation of the protection of children in armed conflicts have been the subject of research by such scientists as Belevtseva V.V., Buromenskyi M.V., Korzh I.V., Kryvoviaz O.V., Kuderska I.O., Lehka O.V., Malyshko I.V., Manuilova K.V., Simakova S.I., Sirant M.M., Tarasevych T.Y., Turchenko O.G. and others.

Main results of the research. The problem of child protection during armed conflict is complex and includes a number of aspects: both general and related to specific categories of children who have become involved in armed conflict, that is, involved in the conflict as direct participants. These categories include child soldiers, children separated from their families, refugee children, and children in detention (*Simakova S.I., Malyshko I.V., 2023*).

International legal acts regulating this issue reflect its complexity. First of all, the following acts should be mentioned: The Geneva Conventions of 1949, especially the Convention Relative to the Protection of Civilian Persons in Time of War, their Additional Protocols of 1977, the 1951 Convention Relating to the Status of Refugees and its 1967 Protocol, the Worst Forms of Child

Labor Convention, 1999, and even the Convention on the Rights of the Child, 1989, and the Rome Statute of the International Criminal Court, 1998 (*Lehka O. V., 2022*).

International humanitarian law provides comprehensive protection of children, their rights and interests. In the event of an international or non-international armed conflict, children enjoy the protection afforded to civilians not involved in hostilities. Given the special vulnerability of children, the Third and Fourth Geneva Conventions of 1949 and their Additional Protocols of 1977 establish a number of rules that provide them with special protection. Children directly involved in hostilities are not deprived of this special protection. In particular, the 1977 Additional Protocols, the Convention on the Rights of the Child of 1989 and the Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict of 2000 impose restrictions on the recruitment of children and their participation in hostilities (*Turchenko O.G., Pylypyshyna I.I., 2022*).

In the event of an international armed conflict, children who are not members of the armed forces of a state enjoy the protection afforded to civilians by the Fourth Geneva Convention and its First Additional Protocol. They are subject to the fundamental guarantees provided by these treaties, including the right to life, the prohibition of coercion, corporal punishment, torture, collective punishment and reprisals (*Articles 27-34 of the Fourth Geneva Convention, 1949*).

In the event of a non-international armed conflict, children are subject to the basic guarantees applicable to persons who are not directly involved in hostilities or who have ceased to take part in them (*Article 3, common to all four Geneva Conventions, and Article 4 of the Second Additional Protocol thereto*).

As noted above, children are often involved in hostilities. The degree of their involvement varies from assisting combatants (for example, by carrying weapons and ammunition, performing intelligence tasks, etc.) to recruiting them as combatants of the armed forces or fighters of armed groups. Article 77 of the First Additional Protocol to the Geneva Conventions obliges states to take all feasible measures in order that children who have not attained the age of fifteen years do not take a direct part in hostilities. The Protocol explicitly prohibits the recruitment among those persons who have attained the age of fifteen years but who have not attained the age of eighteen years, the Parties to the conflict shall endeavor to give priority to those who are oldest (*Additional Protocol I, 1977*). The provisions of the Second Additional Protocol to the Geneva Conventions extend this provision, in particular, by prohibiting the recruitment of children (directly or indirectly) who have not attained the age of fifteen years shall neither be recruited in the armed forces or groups nor allowed to take part in hostilities (*Additional Protocol II, 1977*). Members of the armed forces (including children) taking part in an international armed conflict are considered combatants and, if captured, are entitled to the status of prisoners of war in accordance with the Third Geneva Convention and other provisions of international humanitarian law. The Additional Protocols to the Geneva Conventions provide that children who take direct part in hostilities and who have not reached the age of fifteen are entitled to preferential treatment: in case of captivity, they continue to enjoy the special protection afforded to children by the provisions of international humanitarian law (Article 77(3) of the First Additional Protocol and Article 4(3)(d) of the Second Additional Protocol to the Geneva Conventions) *Ilona Topa (2007)*.

The term "recruitment" should be understood as the process of recruiting military personnel for armed forces or armed groups, including all stages of selection and training (*ICRC, 2003*).

In addition, according to Article 3(a) of the International Labor Organization's Worst Forms of Child Labor Convention, 1999, forced recruitment of children is a form of slavery and is among the worst forms of child labor. According to Article 7, States Parties have the obligation to take all measures necessary to ensure the effective application and observance of the provisions of the Convention (*ILO Convention №182, 1999*).

The Convention on the Rights of the Child of 1989 also contains specific provisions prohibiting the involvement of children in armed conflict. In particular, Article 38 requires States Parties to ensure that persons under the age of 15 do not take a direct part in hostilities (paragraph 2) and that older persons are given preference in recruitment among persons who have reached the

age of 15 but have not yet attained the age of 18 (paragraph 3) (*Convention on the Rights of the Child, 1989*).

This article applies to all States Parties, regardless of whether or not hostilities are taking place on their territory. The Convention on the Rights of the Child does not contain any reservations regarding the restriction of the rights of the child during armed conflicts (*UN, 1996*). In addition, the provisions of the Convention on the Rights of the Child also provide for a monitoring mechanism that imposes an obligation on States parties to submit reports on the measures they have taken at the national level (*Article 44*).

The 2000 Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict strengthens the protection of children involved in armed conflict by, *inter alia*

1) imposing on States Parties the obligation to take all feasible measures to ensure that members of their armed forces who have not attained the age of 18 years do not take a direct part in hostilities (*Article 1*);

2) persons who have not attained the age of 18 years are not compulsorily recruited into their armed forces (*Article 2*);

3) the obligation of states parties to raise the minimum age for voluntary conscription to be higher than 15 years. The requirement to raise the age does not apply to schools operated by or under the control of the armed forces of the States Parties (*Article 3*);

4) upon ratification of or accession to the present Protocol that sets forth the minimum age at which it will permit voluntary recruitment into its national armed forces and a description of the safeguards it has adopted to ensure that such recruitment is not forced or coerced (*Article 3(2)*);

5) armed groups that are distinct from the armed forces of a State should not, under any circumstances, recruit or use (either compulsorily or voluntarily) in hostilities persons under the age of 18 years. States Parties shall take all feasible measures to prevent such recruitment and use, including the adoption of legal measures necessary to prohibit and criminalize such practices (*Article 4 of the Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict, 2000*).

The Optional Protocol imposes an unconditional obligation on States Parties to raise the minimum age of voluntary recruitment to be above 15 years, and to consider a gradual differentiated transition to a "hard age of 18". It should be borne in mind that the concept of "strict compliance with the criterion of attaining the age of 18" is based on the principle that persons under the age of 18 are entitled to special protection." Also, States Parties should take all possible measures to prohibit and criminalize the recruitment and use in hostilities of children under the age of 18 by armed groups other than the armed forces of the State (*Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict, 2000*).

A State that intends to prohibit the recruitment of children under the age of 18 into the armed forces and their direct participation in hostilities may do so by acceding to the Optional Protocol and depositing (in accordance with Article 3) a binding declaration setting 18 years of age as the minimum age for voluntary recruitment. The declaration should include a commitment not to conscript children under this age either within its territory or in the territory of another state, even if they enlist voluntarily (*ICRC, 1993*). The statement should also set out the safeguards adopted by the state to ensure that such a call is not of a forced or coercive nature. Such safeguards should ensure that such a call-up is voluntary, that it is carried out with the informed consent of the person's parents or legal guardians, that those who call up are fully informed of the duties associated with such military service, and that there is reliable evidence of the age of the persons recruited for military service (*Kryvoviaz I. V., 2017*).

Military authorities can enhance the protection of children through at least two measures:

1) medical examinations to ensure that the child is able to perform military service;

2) psychological tests to determine the child's suitability for military life. With the right questions, it is also possible to determine whether the child really wants to join the military and what the reason for this determination is (*Ilona Topa, 2007*).

Special attention should be devoted to the international legal aspects of regulating the issue of bringing to justice those who have involved children in armed conflicts. In this context, it is necessary to note the provisions of the Rome Statute of the International Criminal Court, 1998 (hereinafter - the Rome Statute), which includes a list of war crimes over which the Court has jurisdiction. These war crimes include the use of children under the age of fifteen years in active participation in hostilities or their recruitment or enrollment in national armed forces during international armed conflicts (Article 8 [2(b)(xxvi)]), or in armed forces or other armed groups during non-international armed conflicts (Article 8 [2(e)(vii)]) (*Rome Statute of the ICC, 1998*). This war crime also appears in the Statute of the Special Court for Sierra Leone.

In accordance with the principle of complementarity, on the basis of which the Rome Statute was established (Articles 17-19), the Court's jurisdiction comes into effect when a state is unwilling or unable to conduct an investigation or initiate a prosecution properly. In order to implement this principle and ensure that such crimes are prevented at the national level, States Parties must adopt legislation that empowers them to prosecute criminals in a judicial procedure (*Rome Statute of the ICC, 1998*). Since the Court focuses on prosecuting the most serious crimes and the most dangerous criminals, some criminals may escape prosecution in the absence of relevant national law. The commitment of war crimes entails individual criminal accountability, which means that the perpetrators will be prosecuted. Their military commanders will also be held accountable for failing to prevent or punish the criminal acts of their subordinates (accountability of commanders) (*Lehka O. V., 2022*).

As a result of the practical activities of the ICC in this area, the prosecution and conviction of Thomas Lubanga for the recruitment and conscription of children under the age of fifteen can be mentioned.

In addition, the above-mentioned Special Court for Sierra Leone had earlier, based on customary international law, criminalized the recruitment of children and implemented it in the case of Prosecutor v. Sam Hinga Norman, Appeals Chamber Judgment, May 31, 2004. Moreover, while having jurisdiction over children aged from fifteen years, the Special Court has not prosecuted a single child, using them only as witnesses.

It should be noted that the UN Security Council in 2005 established the Monitoring and Reporting Mechanism (MRM) on grave violations committed against children in times of armed conflict under Resolution 1612, to ensure the systematic collection of accurate, timely and reliable information on grave violations committed against children in armed conflict. In addition, in 2017, the position of the Special Representative of the Secretary-General for Children and Armed Conflict was established, with the active participation of the Special Representative, who developed a Practical Guide for Child Protection Mediators in Armed Conflict in 2019.

Conclusions. Consequently, after conducting a study of the international legal regulation of preventing the involvement of children in armed conflicts, we can summarize the following conclusions. The recruitment of children under the age of fifteen is expressly prohibited by the Convention on the Rights of the Child, the First and Second Additional Protocols to the Geneva Conventions, and customary international humanitarian law. In addition, the involvement of children in armed forces is a war crime under the Rome Statute and other international judicial institutions. Military obligation and the forced recruitment of children under the age of eighteen are prohibited by the Optional Protocol and International Labor Organization Convention No. 182. According to the Optional Protocol, the minimum age for voluntary recruitment of children should be raised to be above fifteen years. When recruiting from among persons who have attained the age of fifteen but have not yet attained the age of eighteen, States should endeavor to give preference to older persons. States should take comprehensive measures at the national level to fulfill their obligations with regard to the recruitment of children and their participation in hostilities. The implementation of international obligations at the national level clearly begins with the adoption of laws, which are the basis for regulatory and practical measures. Effective protection of the rights of the child, in particular with regard to the involvement of children in armed conflict, is based on these legal documents.

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УДК 341.238:339.162:061

THE EU GREEN PUBLIC PROCUREMENT AS A POLICY TOOL TO IMPLEMENT THE CIRCULAR ECONOMY

ЗЕЛЕНІ ДЕРЖАВНІ ЗАКУПІВЛІ ЄВРОСОЮЗУ ЯК ІНСТРУМЕНТ ПОЛІТИКИ ДЛЯ ВПРОВАДЖЕННЯ ЕКОНОМІКИ ЗАМКНУТОГО ЦИКЛУ

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Abstract. *The transition to a circular economy is essential for environmental sustainability and serves as a strategic approach for achieving long-term economic stability, social equity, and resilience. Green public procurement (GPP) is closely intertwined with the concept of the circular economy, and both play a pivotal role in influencing sustainable development. The EU provides guidelines for GPP that align with circular economy principles, encouraging public authorities to opt for products and services with lower environmental impacts and higher resource efficiency. GPP establishes high environmental performance standards, reduces waste, enhances resource efficiency, and promotes the reuse and recycling of materials. The implementation of GPP offers benefits for the environment, economic growth, and social well-being, but challenges such as consistent application, market readiness, and higher initial costs persist. The research indicates that GPP can make a significant contribution to sustainability objectives and emphasizes the necessity of supportive policies to promote broader adoption of GPP practices. By aligning policy initiatives with sustainable procurement practices, the EU member states aim to foster a more robust, resource-efficient, and environmentally conscious economy. Such a comprehensive approach not only addresses environmental issues but also fuels economic and social progress.*

Key words: circular economy (CE), Green Public Procurement (GPP), EU, sustainable development.

Анотація. *Перехід до економіки замкнутого циклу (циркулярної економіки) має важливе значення для сталого розвитку екології та є стратегічним підходом як для досягнення довгострокової економічної стабільності, так і соціальної справедливості та стійкості. Зелені публічні (або державні) закупівлі (GPP) тісно пов'язані з концепцією циркулярної економіки і відіграють ключову роль у впливі на сталий розвиток. Євросоюз розробляє рекомендації для GPP, які відповідають принципам циклічної економіки, заохочуючи державні органи обирати товари та послуги з меншим негативним впливом на навколишнє середовище та з вищою ефективністю використання ресурсів. GPP встановлює високі стандарти екологічної ефективності, зменшує обсяг відходів, підвищує ефективність використання ресурсів і сприяє повторному використанню та переробці матеріалів. Впровадження GPP забезпечує переваги для навколишнього середовища, для економічного зростання та соціального добробуту, але залишаються такі виклики як:*

послідовність впровадження заходів, готовність ринку до їх сприйняття, вищі початкові витрати. Дане дослідження вказує на те, що GPP можуть зробити значний внесок у досягнення цілей сталого розвитку, і наголошує на необхідності підтримки політики сприяння ширшому впровадженню практики GPP. Поєднуючи політичні ініціативи з практикою таких публічних закупівель, держави-члени ЄС прагнуть сприяти розвитку більш надійної, ресурсоефективної та екологічної економіки. Такий комплексний підхід не лише вирішує екологічні проблеми, а також сприяє економічному та соціальному прогресу.

Ключові слова: циркулярна економіка (CE), зелені публічні закупівлі (GPP), зелені державні закупівлі Євросоюзу, сталий розвиток.

Introduction. The shift to a circular economy is essential for environmental sustainability, economic prosperity, and social fairness. This shift also brings about regulatory and competitive advantages, as well as global resource equity. Key policy instruments for implementing a circular economy include Circular Economy Action Plans, Extended Producer Responsibility (EPR), Eco-design Requirements, Recycling and Waste Management Regulations, and Green Public Procurement (GPP). These instruments aim to minimize waste, improve resource efficiency, and promote sustainable production and consumption patterns.

Green public procurement is a critical element in the implementation of a circular economy. It spurs the demand for sustainable products, establishes standards, reduces resource consumption and waste, encourages innovation, and showcases successful circular economy initiatives. The role of green public procurement is vital in advancing a circular economy by using the purchasing power of governments to drive the demand for sustainable products, foster innovation, minimize environmental impacts, and set a precedent for private sector practices.

Aim of the article. Although the concept of Green Public Procurement (GPP) has evolved over time through various policy frameworks and initiatives rather than being originated by a single individual or entity, GPP has emerged as a powerful mechanism for promoting the principles of a circular economy and harnessing the purchasing power of the public sector to drive systemic change.

The European Union has been instrumental in formalizing and promoting GPP, particularly through its directives and communications. Therefore, it is crucial to continuously research the latest developments in the field of GPP to support informed decision-making and facilitate the transition to a circular economy to achieve a more sustainable and resilient future.

Research Results. The European Commission's Communication "Public Procurement for a Better Environment" defined Green Public Procurement as "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured." (Publications Office of the European Union, 2008). The document also presented one of the earliest comprehensive frameworks for Green Public Procurement, outlining principles and guidelines for integrating environmental considerations into public procurement processes. This paved the way for subsequent developments and widespread adoption of GPP practices.

Green public procurement plays a pivotal role in the implementation of a circular economy due to several compelling reasons. GPP drives demand for sustainable products, creating economies of scale. Moreover, it sets standards, aligns with sustainability policies, and promotes widespread adoption (World Bank Group, 2021). GPP also contributes to reducing resource consumption and waste, thus minimizing environmental impact. Furthermore, GPP incentivizes innovation, supports green industries, and creates economic opportunities and jobs (Borms et al., 2023). In addition, GPP promotes health and well-being, while also raising awareness about sustainability. Moreover, GPP aids in meeting legal requirements and prepares for future regulations. GPP, with its focus on long-term cost savings and consideration of the entire lifecycle of products, is widely regarded as

one of the premier tools for implementing a circular economy. (Publications Office of the European Union, 2020).

With the public sector's substantial share in total spending, which accounts for over 14% of the EU's GDP, prioritizing sustainable products and services through Green Public Procurement can significantly influence markets, driving demand for circular products and prompting market shifts towards sustainability (Böttge, Kumpar Zidanič and Tzamalikou, 2023). Furthermore, GPP can establish high environmental performance standards, pushing suppliers to adopt circular economy principles to compete for government contracts (Gómez-Ramos and Rico Gonzalez, 2023). Through careful product selection, GPP aids in reducing waste, enhancing resource efficiency, and promoting the reuse and recycling of materials (Dumitrica, Grigorescu and Davidescu, 2023). Additionally, GPP functions as an incentive for innovation, fostering the development of new technologies and business models that support a circular economy (Grimbert and Zabala-Iturriagagoitia, 2024). As governments lead by example, showcasing successful circular economy initiatives and practices, the private sector and the wider community can follow suit (Manta and Mansi, 2024), (Chiappinelli and Seres, 2024). The combined impact of these factors underlines the potency of Green Public Procurement as a mechanism for advancing the principles of a circular economy, leveraging public sector purchasing power to drive systemic change.

The integration of the Green Deal and Green Public Procurement concepts is of utmost importance for the advancement of a circular economy. The European Green Deal represents a comprehensive strategy with the objective of achieving climate neutrality for the European Union (EU) by 2050. It encompasses a wide array of policy initiatives, such as climate action, pollution reduction, biodiversity protection, sustainable agriculture promotion, energy efficiency support, and circular economy implementation (Publications Office of the European Union, 2019).

One of the key objectives of the Green Deal is to revise EU product policy to include measures that promote the norm of sustainable products. This involves extending product lifetimes, enhancing recyclability, and reducing the use of hazardous chemicals (European Commission, 2024). Furthermore, as part of the Green Deal, the Circular Economy Action Plan (CEAP) encompasses actions aimed at boosting sustainable product design, strengthening the market for secondary raw materials, and reducing waste (Publications Office of the European Union, 2020).

GPP serves as a vital policy tool for promoting sustainable consumption and production. It involves public authorities procuring goods, services, and works with reduced environmental impact throughout their life cycle. GPP is instrumental in advancing a circular economy by establishing environmental criteria, promoting innovation, and influencing the market. The EU provides guidelines for GPP that align with circular economy principles, encouraging public authorities to opt for products and services with lower environmental impacts and higher resource efficiency (European Commission, 2024).

While GPP offers evident benefits for environmental protection, economic growth, and social well-being, challenges in its implementation persist. These include ensuring consistent application of GPP across different regions and sectors, the readiness of the market in terms of the availability of green products and services that meet public procurement standards, and the initial higher costs of green products, despite their potential for long-term savings. For example, the Environmental Protection Agency (EPA) Report in Ireland (The Environmental Protection Agency, 2024a) reveals that despite some progress, the use of green public procurement (GPP) in Ireland is still limited. In 2022, only 34% of government contracts included green criteria, although this was an improvement from 10% in 2021. The implementation of Green Public Procurement in the Swiss clothing sector (Orset, 2024) and GPP practices in organic food policies in Swedish and Spanish institutions (Lindström, Lundberg and Marklund, 2022; Gómez-Ramos and Rico Gonzalez, 2023) demonstrate the increasing interest in applying GPP in various sectors of the economy. Additionally, studies on GPP in the Greek energy sector (Kilintzis et al., 2023) and EU energy efficiency policies (Gonzalez-Torres et al., 2023), as well as GPP in Polish social welfare centers (Szydłowski, 2023), highlight both the spread and the obstacles in the application of GPP.

The progress of GPP implementation in the Swiss clothing sector demonstrates the significant positive impact of regulatory changes on the adoption and effectiveness of green public procurement practices (Orset, 2024). The Swiss case shows how legal frameworks can drive market transformation towards environmental sustainability, despite encountering challenges such as resistance from certain suppliers, the need for ongoing training of procurement officials, and the complexity of verifying compliance with green criteria (Orset, 2024).

The growing recognition of the environmental and health benefits associated with organic food has elevated Green Public Procurement as a crucial instrument for advancing sustainability objectives within the public sector. Studies conducted in Sweden (Lindström, Lundberg and Marklund, 2022) and Spain (Gómez-Ramos and Rico Gonzalez, 2023) emphasize the potential of GPP in driving the adoption of organic food policies and fostering sustainable food systems. Nonetheless, the consistent implementation of GPP may face obstacles such as cost considerations, restricted supply chains, and a dearth of expertise in sustainable procurement practices. Strategic measures that involve policy reinforcement, engagement with stakeholders, capacity building, and awareness-raising can facilitate successful implementation. Organic food policies within organizations play a pivotal role in promoting sustainable food systems, endorsing organic farming, lessening environmental footprints, and encouraging healthier dietary choices. Therefore, strategic planning, regulatory backing, and stakeholder engagement are crucial for successful implementation, notwithstanding financial and market challenges (Gómez-Ramos and Rico Gonzalez, 2023), (Lindström, Lundberg and Marklund, 2022).

The current EU policy, as outlined by the European Commission in 2019 (Publications Office of the European Union, 2019) and 2024 (European Commission, 2024), aims to encourage member-states to transition towards renewable energy and sustainable energy practices. The concept of Green Public Procurement holds significant potential for driving this energy transition, particularly in regions with a historical dependence on fossil fuels, such as Western Macedonia (Kilintzis et al., 2023). Although challenges to effective GPP implementation persist – such as a lack of technical expertise among procurement officials, limited availability of green products and services in the local market, budget constraints, and higher initial costs of green technologies – the positive impacts on carbon reduction, renewable energy adoption, and economic diversification underscore the potential of GPP as a tool for achieving sustainable development and environmental goals. (Kilintzis et al., 2023).

Both national and EU policies have been instrumental in promoting sustainable procurement, especially in sectors related to energy, construction, and transportation, by incorporating environmental criteria into procurement processes. The energy efficiency policies implemented by the EU have resulted in notable energy savings, economic advantages, and environmental enhancements over the last four decades. Despite persistent challenges, the ongoing adaptation and reinforcement of these policies are essential for the progression of sustainability and the realization of the EU's climate targets. (Gonzalez-Torres et al., 2023).

Enhancing policy frameworks to provide clearer guidelines and stronger incentives for GPP, prioritizing training and capacity-building programs, stimulating the local market for green products and services to support local businesses and start-ups, and integrating GPP into long-term regional development plans are essential steps towards effective GPP implementation in the public sector. This approach has the potential to contribute to a reduction in carbon emissions, lower energy costs, economic diversification, and long-term environmental sustainability (Kilintzis et al., 2023).

Implementing the agenda of promoting environmental sustainability through public procurement can also be applied to the provision of social services. For instance, the study on Polish social welfare centres highlights the positive impact of green public procurement on sustainable development within the Łódź Province (Szydłowski, 2023). Despite challenges such as budget constraints, lack of expertise in green procurement, and limited availability of green products, the study demonstrates that GPP can result in significant environmental and social benefits. These benefits include increased energy efficiency, reduced emissions, waste reduction, long-term cost savings, commitment to environmental stewardship, and improved health and well-being of

residents due to the use of non-toxic and sustainable materials. The research underlines the importance of continued support and capacity-building efforts to enhance the adoption and effectiveness of GPP practices (Szydłowski, 2023).

It is also crucial to emphasize the equal distribution of resources and the need to prioritize GPP across various sectors, as demonstrated in a study examining the impact of the pandemic on GPP implementation in 27 European countries. Based on data from the Tenders Electronic Daily database (2016-2022), the research reveals a decline in GPP practices during the pandemic, particularly as COVID-19 cases rose. The study underscores how the immediate emphasis on public health and economic stability led to a decreased priority for environmental considerations in public procurement processes (Rosell, 2023).

As of the latest developments, the “Green Public Procurement Strategy and Action Plan 2024-2027” (Department of Public Expenditure, NDP Delivery and Reform, 2024), recently approved by the Irish government, aims to advance green procurement practices across the public sector. This initiative, titled “Buying Greener,” builds upon and modernizes previous policies to incorporate recent developments in climate, energy, sustainability, and procurement. The yearly public sector purchasing by the Government of Ireland accounts for 10% to 12% of the country’s GDP, representing a significant portion of economic activity and demand (Department of Public Expenditure, NDP Delivery and Reform, 2024). This gives the public sector substantial leverage to promote the provision of more resource-efficient, environmentally friendly goods, services, and works within the marketplace.

The initiative aims to facilitate the shift to a sustainable economy, integrate green criteria into procurement processes, cultivate knowledge and expertise, create market conditions for innovation, and establish sectoral targets. A dedicated task force will oversee the plan’s progress, aligning with broader government policies to infuse sustainability into public procurement and contribute to the transition to a circular economy. Additionally, specific targets have been established for key sectors such as construction, food procurement, energy-related products, and transportation (Department of Public Expenditure, NDP Delivery and Reform, 2024).

For example, starting in 2025, a percentage of construction materials must be made from recycled materials, and new food service contracts must address the reduction of food waste. This comprehensive plan harmonizes with broader government policies, such as the Climate Action Plan (The Environmental Protection Agency, 2024) and the Circular Economy Programme (The Environmental Protection Agency, 2023), underscoring Ireland’s dedication to integrating sustainability into public procurement and advancing the transition to a circular economy.

Despite the current voluntary nature of Green Public Procurement in the EU there has been a shift in scholarly research towards exploring the potential advantages of transitioning it to a mandatory framework. The research posits that enforcing obligatory GPP standards within certain sectors could yield significant environmental advantages and advance sustainability in public procurement practices throughout the EU. Furthermore, the study advocates for the implementation of mandatory GPP and proposes that legislative reforms within the EU should be pursued to facilitate this transformative initiative (Böttge, Kumpar Zidanič and Tzamalikou, 2023).

It is important to understand the current research landscape in the domain of GPP to identify trends, gaps, and future directions. Several insightful research (Galán-Valdivieso et al., 2024), (Rejeb et al., 2023), (Rejeb et al., 2024), revealed a remarkable interest in GPP, with a noticeable increase in publications in open-access and traditional journals over the past several decades. Prominent research themes encompass sustainable and green procurement, e-procurement, procurement performance, regulations, and innovation. There is a growing need for interdisciplinary investigations and a concerted focus on the social implications of GPP. Future research should delve into the role of public procurement in advancing broader societal objectives and examine the effects of emerging technologies, underscoring the significance of GPP in driving sustainable development and shaping policy formulation. A call for more collaborative and interdisciplinary research efforts stressing the political and social significance of GPP, highlighting its role in advancing sustainable development and informing policy development can aid researchers,

policymakers and practitioners in crafting effective GPP strategies (Galán-Valdivieso et al., 2024), (Rejeb et al., 2023), (Rejeb et al., 2024).

Conclusions. The rise of the circular economy is a direct response to escalating environmental concerns, diminishing resources, and emerging economic opportunities. It strives to pave the way for a more sustainable and robust future by fundamentally reimagining our production, consumption, and waste disposal approach.

The integration of circular economy principles into international and national legislation reflects a growing acknowledgement of the necessity for sustainable resource management and waste reduction. This transition not only addresses environmental concerns but also unlocks new economic prospects and drives innovation in sustainable practices. Green public procurement is intricately entwined with the circular economy and both play pivotal roles in influencing sustainable development. By incorporating circular economy principles into public procurement, government bodies can set a leading example and act as catalysts for broader systemic shifts towards sustainability.

The strategic integration of GPP to promote circular economy principles empowers public authorities to lead by example, catalyze market transformations, and make substantial contributions to sustainable development goals. The European Green Deal and Green Public Procurement are vital components in propelling the circular economy forward.

The increasing body of research indicates a rising interest in the adoption and use of GPP across various sectors of the EU economy, as well as several barriers and constraints that need to be overcome to ensure comprehensive and effective implementation. Green public procurement has the potential to significantly contribute to sustainability objectives, offering environmental and socio-economic benefits. Therefore, it is crucial to develop supportive policies and incentives to address the higher costs associated with green public procurement and encourage wider adoption of GPP practices.

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**ОСОБЛИВОСТІ РОЗВИТКУ
СВІТОВОГО ГОСПОДАРСТВА ТА МЕН**

УДК 338.439.02

**INNOVATION AT THE CROSSROADS: HOW PUBLIC-PRIVATE
PARTNERSHIPS DRIVE TECHNOLOGICAL DEVELOPMENT IN EUROPE**

**ІННОВАЦІЇ НА ПЕРЕТИНІ СЕКТОРІВ: РОЛЬ ДЕРЖАВНО-
ПРИВАТНИХ ПАРТНЕРСТВ У СТИМУЛЮВАННІ ТЕХНОЛОГІЧНОГО
РОЗВИТКУ В ЄВРОПІ**

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Abstract. *This article investigates the pivotal role of public-private partnerships (PPPs) in driving technological development across Europe, highlighting how the collaboration between public institutions and private enterprises serves as a catalyst for innovation and economic growth. By analyzing a range of successful case studies and conducting an extensive review of existing literature, this study identifies the key factors that contribute to the effectiveness of PPPs and their substantial impact on technological advancement.*

The research reveals that PPPs significantly enhance resource allocation, allowing for more efficient use of financial and human capital. They facilitate risk sharing, which encourages private sector participation in high-risk technological projects that might otherwise lack sufficient funding or support. Moreover, PPPs promote knowledge transfer between the public and private sectors, fostering a culture of innovation and enabling the rapid deployment of new technologies.

Different models of PPPs are examined to understand their implementation in various contexts, shedding light on the diverse approaches taken by European countries. The study also addresses the challenges faced in establishing and maintaining PPPs, such as regulatory hurdles,

financial constraints, and coordination issues. Strategies for overcoming these barriers are discussed, providing practical insights for enhancing the success of PPPs.

The findings underscore the critical importance of a supportive policy environment in nurturing PPPs. Effective regulatory frameworks, financial incentives, and clear governance structures are essential for maximizing the potential of PPPs. The article concludes with strategic recommendations for policymakers, aimed at strengthening PPP frameworks, fostering a conducive environment for sustainable technological innovation, and ensuring that the benefits of technological advancements are equitably distributed across society.

By offering a comprehensive understanding of how PPPs drive technological development, this article contributes to the broader discourse on innovation policy and economic development in Europe. It underscores the necessity for continued collaboration between the public and private sectors to address the complex challenges of technological progress and to harness its potential for societal benefit.

Key words: *economic policy, economic regulation, Germany, innovation, Europe, knowledge transfer, public-private partnerships, resource allocation, risk sharing, technological development, UK.*

Анотація. *Ця стаття досліджує вирішальну роль державно-приватних партнерств (ДПП) у стимулюванні технологічного розвитку по всій Європі, підкреслюючи, як співпраця між державними установами та приватними підприємствами служить каталізатором інновацій та економічного зростання. Аналізуючи низку успішних прикладів та проводячи ґрунтовний огляд наявної літератури, це дослідження визначає ключові фактори, що сприяють ефективності ДПП та їх значному впливу на технологічний прогрес.*

Дослідження показує, що ДПП значно покращують розподіл ресурсів, дозволяючи ефективніше використовувати фінансовий та людський капітал. Вони сприяють розподілу ризиків, що стимулює участь приватного сектора у високоризикових технологічних проектах, які в іншому випадку могли б залишитися без належного фінансування чи підтримки. Крім того, ДПП сприяють передачі знань між державним та приватним секторами, сприяючи культурі інновацій та швидкому впровадженню нових технологій.

Окремі моделі ДПП розглядаються для розуміння їх впровадження в різних контекстах, висвітлюючи різноманітні підходи, які використовують європейські країни. У дослідженні також розглядаються виклики, з якими стикаються при створенні та підтримці ДПП, такі як регуляторні перешкоди, фінансові обмеження та координаційні проблеми. Обговорюються стратегії подолання цих бар'єрів, надаючи практичні рекомендації для підвищення успішності ДПП.

Висновки підкреслюють критичну важливість підтримуючого політичного середовища для розвитку ДПП. Ефективні регуляторні рамки, фінансові стимули та чіткі структури управління є необхідними для максимізації потенціалу ДПП. Стаття завершується стратегічними рекомендаціями, спрямованими на зміцнення рамок ДПП, створення сприятливого середовища для сталих технологічних інновацій та забезпечення рівномірного розподілу переваг технологічного прогресу у суспільстві.

Надаючи всебічне розуміння того, як ДПП стимулюють технологічний розвиток, ця стаття робить внесок у ширшу дискусію щодо інноваційної політики та економічного розвитку в Європі. Вона підкреслює необхідність продовження співпраці між державним і приватним секторами для вирішення складних викликів технологічного прогресу та використання його потенціалу на благо суспільства.

Ключові слова: *Велика Британія, державно-приватні партнерства, економічна політика, економічне регулювання, Європа, інновації, Німеччина, передача знань, розподіл ресурсів, розподіл ризиків, технологічний розвиток.*

Introduction

The rapid pace of technological advancement in the 21st century has significantly transformed economies and societies worldwide. In Europe, the drive for innovation is at the forefront of policy agendas, as nations strive to maintain competitive edges in the global market. At the intersection of this drive for technological advancement lies the concept of public-private partnerships (PPPs), which have emerged as crucial mechanisms for fostering innovation and economic growth. This article aims to explore the pivotal role of PPPs in driving technological development across Europe, providing a comprehensive analysis of their impact and effectiveness.

Public-private partnerships represent collaborative agreements between government entities and private sector companies to undertake projects that serve public interests while also benefiting private partners. These partnerships leverage the strengths and resources of both sectors, facilitating projects that might be too complex, risky, or expensive for either sector to undertake alone. In the context of technological development, PPPs enable the pooling of financial resources, expertise, and knowledge, thereby accelerating the research, development, and deployment of new technologies.

The importance of PPPs in technological innovation cannot be overstated. With the growing complexity and cost of modern technological projects, traditional funding and implementation models often fall short. Governments may lack the necessary expertise or funding to pursue cutting-edge technological initiatives, while private companies might be reluctant to invest in high-risk projects without public support. PPPs bridge this gap by distributing risks, aligning incentives, and creating synergies that drive innovation.

This article delves into several successful case studies of PPPs in Europe, illustrating how these partnerships have catalyzed technological advancements across various sectors. By examining these examples, the article identifies key factors that contribute to the success of PPPs, including effective resource allocation, risk sharing mechanisms, and robust frameworks for knowledge transfer. Additionally, the article provides a thorough review of existing literature on PPPs and technological development, highlighting the theoretical underpinnings and practical implications of these partnerships.

Despite their potential, PPPs also face several challenges. Regulatory hurdles, financial constraints, and coordination issues between public and private entities can impede the formation and execution of effective partnerships. This article addresses these challenges and discusses strategies to overcome them, offering practical insights for policymakers and practitioners. By understanding and mitigating these obstacles, stakeholders can better harness the potential of PPPs to drive technological innovation.

The article concludes with strategic recommendations for policymakers aimed at strengthening PPP frameworks in Europe. These recommendations emphasize the need for supportive regulatory environments, financial incentives, and clear governance structures to maximize the benefits of PPPs. Additionally, the article stresses the importance of ensuring that technological advancements driven by PPPs are equitably distributed across society, contributing to broader economic and social goals.

In summary, this article provides a comprehensive examination of how public-private partnerships drive technological development in Europe. It underscores the critical importance of collaboration between the public and private sectors in fostering innovation and highlights the need for continued support and enhancement of PPP frameworks to ensure sustainable technological progress.

The Purpose of the Article

The primary objective of this article is to elucidate the critical role of PPPs in fostering technological development within Europe. This exploration is aimed at providing a deeper understanding of how these collaborations between public institutions and private entities can drive innovation and contribute to economic growth. The specific purposes of the article are as follows:

1. *To Examine the Mechanisms of PPPs:* This article aims to dissect the mechanisms through which PPPs operate, focusing on how these partnerships facilitate resource allocation, risk sharing,

and knowledge transfer. By understanding these mechanisms, the study seeks to highlight the unique advantages PPPs offer in the context of technological development.

2. *To Analyze Successful Case Studies:* The article seeks to provide an in-depth analysis of successful PPP case studies within Europe. By examining these examples, the study aims to identify key factors that contribute to the effectiveness of PPPs in driving technological innovation. These case studies will serve as models for best practices and lessons learned.

3. *To Address Challenges and Barriers:* The article aims to identify and discuss the challenges and barriers that PPPs face in the realm of technological development. Understanding these obstacles is crucial for developing strategies to overcome them and for enhancing the overall effectiveness of PPPs.

4. *To Offer Policy Recommendations:* Based on the findings from the literature review and case study analyses, the article aims to provide strategic recommendations for policymakers. These recommendations will focus on strengthening PPP frameworks, fostering a conducive environment for sustainable technological innovation, and ensuring the equitable distribution of technological advancements.

5. *To Contribute to Academic and Policy Discourse:* The article aims to contribute to the broader academic and policy discourse on innovation and economic development. By providing a comprehensive analysis of PPPs in Europe, the study seeks to inform and influence future research and policy-making efforts.

By achieving these purposes, the article aims to provide valuable insights into how public-private partnerships can be effectively leveraged to drive technological development in Europe. The ultimate goal is to enhance the understanding of PPPs' role in innovation and to offer practical guidance for stakeholders involved in these partnerships.

Literature Review

The literature on PPPs and their role in driving technological development is extensive and multifaceted. This section reviews the key theoretical frameworks, empirical studies, and case analyses that provide a comprehensive understanding of how PPPs contribute to innovation and economic growth.

Theoretical Frameworks. Several theoretical frameworks underpin the study of PPPs. The principal-agent theory explores the relationship dynamics between public and private entities, emphasizing issues of trust, information asymmetry, and incentive alignment. This theory highlights how PPPs can mitigate risks and ensure mutual benefits through well-structured contracts and governance mechanisms. A study by Xie and Hu (2020) emphasizes the importance of trust and transparency in PPPs to align incentives effectively (Xie & Hu, 2020).

The resource-based view (RBV) theory provides another critical perspective, suggesting that PPPs enable the pooling of unique resources and capabilities from both sectors, thus creating a competitive advantage in technological development. A recent study by Liu et al. (2019) discusses how resource complementarities between public and private partners can drive innovation (Liu et al., 2019).

Innovation systems theory also plays a pivotal role in understanding PPPs. This theory posits that innovation arises from a complex interplay of actors, institutions, and policies within a given system. PPPs can be seen as crucial components of these systems, facilitating the flow of knowledge and resources necessary for technological advancement. According to Freeman and Soete (2021), innovation systems theory provides a comprehensive framework for analyzing the role of PPPs in fostering technological progress (Freeman & Soete, 2021).

Empirical Studies. Empirical research on PPPs has highlighted their impact across various sectors, including transportation, healthcare, and education. Studies have shown that PPPs can lead to improved project outcomes through better resource allocation, risk management, and enhanced innovation capacity. For example, research by Zhang and Chen (2019) demonstrates that PPPs in transportation projects lead to significant improvements in project delivery and innovation (Zhang & Chen, 2019).

In the context of technological development, empirical studies have demonstrated that PPPs significantly contribute to the commercialization of research and development (R&D) outcomes. Studies on European PPPs in the information and communication technology (ICT) sector reveal that these partnerships have accelerated the deployment of advanced technologies and enhanced the competitive position of European firms globally. For instance, a study by Johnson et al. (2020) highlights the critical role of PPPs in bridging the gap between R&D and market deployment in the ICT sector (Johnson M., et al., 2020).

Empirical evidence also points to the role of PPPs in fostering sustainable development. Research indicates that PPPs can effectively address environmental challenges by promoting green technologies and sustainable practices. By leveraging the strengths of both public and private sectors, these partnerships can drive innovation in renewable energy, waste management, and other critical areas. Smith and Brown (2021) discuss how PPPs in the renewable energy sector have led to significant advancements in green technology and sustainability (Smith & Brown, 2021).

Case Analyses. Several case studies provide practical insights into the functioning and impact of PPPs in Europe. One notable example is the European Union's Horizon 2020 program, which has facilitated numerous PPPs aimed at boosting R&D and innovation across member states. The program's success in fostering collaboration between academia, industry, and government entities underscores the potential of PPPs to drive technological progress. According to a report by the European Commission (2020), Horizon 2020 PPPs have significantly contributed to technological advancements and economic growth in Europe (European Commission, 2020).

Another illustrative case is the collaboration between Siemens and the German government on smart grid technology. This partnership has led to significant advancements in energy efficiency and grid management, showcasing how PPPs can address complex technological challenges through coordinated efforts. Müller and Schmidt (2021) provide a detailed analysis of this PPP, highlighting its success in enhancing energy efficiency and innovation (Müller & Schmidt, 2021).

The UK's Public Private Partnership Program for digital infrastructure development provides another example. By partnering with private companies, the UK government has successfully expanded broadband access and improved digital services, demonstrating the scalability and adaptability of PPP models in different technological contexts. A study by Davies and Thompson (2020) discusses the outcomes of this PPP, emphasizing its role in enhancing digital infrastructure and innovation (Davies & Thompson, 2020).

Challenges and Barriers. Despite their potential, PPPs face several challenges that can hinder their effectiveness. Regulatory and legal barriers often pose significant obstacles, as differing priorities and bureaucratic processes can slow down project implementation. According to Harris and O'Neill (2021), regulatory inconsistencies and legal complexities are major hurdles in the successful implementation of PPPs (Harris & O'Neill, 2021).

Financial constraints and funding issues also present challenges, particularly in ensuring sustained investment over the long term. Research by Patel and Robinson (2019) highlights the difficulties in securing continuous funding for PPP projects, especially during economic downturns (Patel & Robinson, 2019).

Coordination and communication issues between public and private partners can lead to misunderstandings and conflicts, further complicating project execution. A study by Martin and Lewis (2020) identifies poor communication and lack of clear roles as significant barriers to effective PPP collaboration (Martin & Lewis, 2020).

Strategies for Overcoming Barriers. To overcome these challenges, several strategies have been proposed in the literature. Establishing clear and transparent governance structures is crucial for effective PPP implementation. This includes well-defined roles and responsibilities, robust contractual agreements, and mechanisms for conflict resolution. Johnson and Lee (2021) suggest that transparent governance frameworks are essential for building trust and ensuring project success (Johnson & Lee, 2021).

Financial incentives and risk-sharing arrangements can also enhance the attractiveness of PPPs for private entities. By aligning financial interests and providing assurances against potential

risks, public sector bodies can encourage greater participation from private partners. Research by Wilson and Clark (2020) discusses how financial incentives can effectively mitigate risks and attract private investment in PPP projects (Wilson & Clark, 2020).

Promoting a culture of trust and collaboration is essential for the success of PPPs. Regular communication, joint decision-making processes, and shared goals can help build strong partnerships that are resilient to challenges. According to a study by Andrews and Jones (2021), fostering a collaborative culture is key to overcoming coordination issues and achieving successful PPP outcomes (Andrews & Jones, 2021).

The literature on public-private partnerships underscores their significant potential in driving technological development and innovation. By leveraging the strengths of both public and private sectors, PPPs can address complex challenges, allocate resources more efficiently, and accelerate the deployment of new technologies. However, realizing this potential requires overcoming regulatory, financial, and coordination barriers through strategic planning and robust governance.

Main Results of the Research

Analysis of Case Studies. In analyzing several case studies across Europe, it becomes evident that PPPs have played a crucial role in advancing technological development. The Horizon 2020 program stands out as a particularly successful example. This initiative has funded numerous projects that bring together academic institutions, private companies, and government agencies to drive research and innovation. According to the European Commission's 2020 report, projects under Horizon 2020 have led to significant technological breakthroughs in fields such as renewable energy, artificial intelligence, and biotechnology (European Commission, 2020).

In Germany, the collaboration between Siemens and the government on smart grid technology has yielded substantial advancements in energy efficiency and grid management. This partnership has resulted in the development of innovative smart grid solutions that enhance the reliability and sustainability of energy supply. Müller and Schmidt (2021) highlight how this PPP has not only driven technological innovation but also provided a model for integrating private sector expertise with public sector oversight to achieve common goals (Müller & Schmidt, 2021).

In line with the findings of Morozov, Panikar, and Dmitriev (2024), the economic integration of Germany with the EU through effective implementation of public-private partnerships (PPPs) highlights the critical role of stakeholder collaboration and a supportive regulatory environment. Their study, which employed Partial Least Squares Structural Equation Modeling (PLS-SEM), revealed significant relationships between stakeholder teamwork (path coefficient of 0.35, $p < 0.01$) and regulatory environment effectiveness (path coefficient of 0.30, $p < 0.01$) with positive perceptions of PPP performance. This underscores the importance of structured collaboration and clear legal frameworks in enhancing the efficacy of PPPs, ultimately contributing to economic unity and growth within the EU (Morozov et al., 2024).

Integrating these insights, it becomes evident that fostering technological innovation through PPPs in Europe requires not only financial investments but also robust frameworks that facilitate seamless cooperation between public and private sectors. Germany's strategic implementation of PPPs in sectors such as transportation and digital infrastructure sets a precedent for other EU member states. By prioritizing EU unity goals and leveraging PPPs for cross-border projects, Germany could further solidify its leadership in promoting economic cooperation within the EU, thereby driving broader economic development and technological advancement across the continent (Morozov et al., 2024).

Another critical aspect of PPPs in Germany is their evolution towards integrating sustainability considerations, as highlighted by Panikar and Morozov (2024). Their comprehensive analysis of German PPPs in various sectors underscores the significant shift towards green infrastructure projects. For instance, the Green Energy Partnership Project (GEPP) is a prime example where public and private sector partners collaborate to develop renewable energy infrastructure, including solar and wind power facilities. This initiative aims to accelerate the transition to a low-carbon economy and promote environmental stewardship. Panikar and Morozov emphasize that such projects not only address environmental challenges but also foster innovation

and economic growth by leveraging PPP mechanisms to overcome barriers to renewable energy adoption (Panikar and Morozov, 2024).

The emphasis on sustainability within PPP frameworks aligns with broader EU goals of climate resilience and green growth. By incorporating environmental criteria and green finance mechanisms, Germany's PPPs serve as a model for integrating sustainability into infrastructure development. This approach can provide valuable lessons for other EU member states and regions aiming to balance economic development with environmental sustainability. The insights from the GEPP highlight the potential of PPPs to drive significant advancements in green technology and sustainable practices, reinforcing the importance of incorporating such considerations into future PPP projects across Europe (Panikar and Morozov, 2024).

The UK's PPP program for digital infrastructure development illustrates the scalability and adaptability of PPP models. By partnering with private companies, the UK government has significantly expanded broadband access and improved digital services. This program demonstrates how strategic public-private collaborations can effectively address infrastructural challenges and enhance technological capabilities. Davies and Thompson (2020) discuss the program's success in extending high-speed internet access to underserved areas, thereby boosting economic development and digital inclusion (Davies & Thompson, 2020).

Key Findings:

1. *Enhanced Resource Allocation:* PPPs enable the pooling of financial, technical, and human resources from both public and private sectors. This pooling allows for more efficient use of resources, facilitating the development of complex and capital-intensive technologies. Research by Zhang and Chen (2019) supports this, showing that resource allocation in PPPs leads to improved project outcomes and innovation capacity (Zhang & Chen, 2019).

2. *Risk Sharing:* PPPs facilitate risk sharing between public and private partners, encouraging private sector participation in high-risk projects. This risk-sharing mechanism is crucial for the development of new technologies, which often involve significant uncertainties. Johnson et al. (2020) emphasize the importance of risk sharing in accelerating technological deployment and commercialization (Johnson et al., 2020).

3. *Knowledge Transfer:* PPPs promote the exchange of knowledge and expertise between public and private entities. This collaboration fosters innovation by combining the public sector's regulatory and policy insights with the private sector's technical and market-oriented capabilities. Freeman and Soete (2021) highlight that effective knowledge transfer within PPPs leads to the rapid deployment of innovative solutions (Freeman & Soete, 2021).

Challenges and Barriers. Despite the successes, PPPs face several challenges that can hinder their effectiveness. Regulatory and legal barriers are significant obstacles, as differing priorities and bureaucratic processes can slow down project implementation. Harris and O'Neill (2021) identify regulatory inconsistencies as a major challenge in successful PPP implementation, noting that harmonizing legal frameworks across different jurisdictions is essential (Harris & O'Neill, 2021).

Financial constraints and funding issues also present challenges, particularly in ensuring sustained investment over the long term. Patel and Robinson (2019) discuss the difficulties in securing continuous funding for PPP projects, especially during economic downturns, emphasizing the need for robust financial planning and risk management (Patel & Robinson, 2019).

Coordination and communication issues between public and private partners can lead to misunderstandings and conflicts, further complicating project execution. Martin and Lewis (2020) identify poor communication and lack of clear roles as significant barriers to effective PPP collaboration, suggesting that clear governance structures and regular communication are crucial for overcoming these challenges (Martin & Lewis, 2020).

Strategies for Overcoming Barriers. To overcome these challenges, several strategies have been proposed in the literature. Establishing clear and transparent governance structures is crucial for effective PPP implementation. This includes well-defined roles and responsibilities, robust contractual agreements, and mechanisms for conflict resolution. Johnson and Lee (2021) suggest

that transparent governance frameworks are essential for building trust and ensuring project success (Johnson & Lee, 2021).

Financial incentives and risk-sharing arrangements can also enhance the attractiveness of PPPs for private entities. By aligning financial interests and providing assurances against potential risks, public sector bodies can encourage greater participation from private partners. Wilson and Clark (2020) discuss how financial incentives can effectively mitigate risks and attract private investment in PPP projects (Wilson & Clark, 2020).

Promoting a culture of trust and collaboration is essential for the success of PPPs. Regular communication, joint decision-making processes, and shared goals can help build strong partnerships that are resilient to challenges. According to a study by Andrews and Jones (2021), fostering a collaborative culture is key to overcoming coordination issues and achieving successful PPP outcomes (Andrews & Jones, 2021).

The following tables provide a detailed analysis of these case studies:

a. Table 1: Key Achievements of Horizon 2020 PPPs

Project Area	Key Achievements	Impact
Renewable Energy	Development of next-gen solar panels	Increased energy efficiency
Artificial Intelligence	Advanced AI algorithms for healthcare	Improved diagnostic accuracy
Biotechnology	Innovative drug delivery systems	Enhanced patient treatment outcomes
ICT	High-speed internet access to rural areas	Bridged digital divide

Source: Authors' own development.

The Horizon 2020 program has made significant strides in several high-impact areas. The development of next-generation solar panels under renewable energy projects has led to increased energy efficiency, helping to reduce carbon footprints and reliance on non-renewable energy sources. Advanced AI algorithms in healthcare have greatly improved diagnostic accuracy, potentially saving lives through early detection of diseases. Innovative drug delivery systems in biotechnology have enhanced patient treatment outcomes, providing more effective and targeted therapies. In the ICT sector, expanding high-speed internet access to rural areas has bridged the digital divide, promoting social inclusion and economic development in underserved regions. Moreover, these advancements have positioned Europe as a leader in green technology and digital transformation, setting a benchmark for other regions to follow. The success of these projects highlights the critical role of PPPs in driving technological innovation and addressing societal challenges through collaborative efforts.

b. Table 2: Siemens-Government Smart Grid Collaboration

Initiative	Key Innovation	Benefit
Smart Metering Systems	Real-time energy consumption data	Increased consumer energy savings
Automated Grid Control	AI-based grid management	Enhanced grid reliability and stability
Renewable Integration	Smart integration of solar/wind	Increased renewable energy usage

Source: Authors' own development.

The Siemens-Government smart grid collaboration has led to several key innovations. Smart metering systems providing real-time energy consumption data have empowered consumers to manage their energy use more effectively, leading to increased energy savings. AI-based grid management has improved grid reliability and stability, reducing the risk of outages and enhancing overall system efficiency. The smart integration of renewable energy sources such as solar and wind

has increased the usage of renewable energy, supporting Germany's transition to a more sustainable energy system and reducing greenhouse gas emissions. Additionally, the collaboration has set a precedent for future smart grid projects, showcasing the potential for AI and IoT technologies to revolutionize energy management and distribution. The successful implementation of these innovations demonstrates the potential of PPPs to drive significant advancements in energy efficiency and sustainability through collaborative efforts.

c. Table 3: UK Digital Infrastructure PPP

Initiative	Key Improvement	Outcome
Broadband Expansion	High-speed internet to rural areas	Economic growth in underserved regions
5G Network Deployment	Nationwide 5G rollout	Enhanced connectivity and innovation
Digital Literacy Programs	Training for digital skills	Increased workforce competitiveness

Source: Authors' own development.

The UK's digital infrastructure PPP has achieved significant improvements in digital connectivity and literacy. The expansion of high-speed broadband to rural areas has stimulated economic growth in previously underserved regions by enabling local businesses to compete in the digital economy. The nationwide deployment of 5G networks has further enhanced connectivity, fostering innovation in various sectors, including healthcare, education, and transportation. Digital literacy programs have equipped the workforce with essential digital skills, increasing competitiveness and adaptability in an increasingly digital world. Furthermore, the improved digital infrastructure has attracted investments and talent, positioning the UK as a hub for tech innovation and development. These improvements highlight the effectiveness of PPPs in addressing digital divides and promoting economic and social development through strategic investments in infrastructure and education.

d. Table 4: Sustainable Development Initiatives in PPPs

Initiative	Key Technology	Environmental Benefit
Renewable Energy Projects	Advanced solar and wind technologies	Reduced carbon footprint
Waste Management Systems	Smart waste sorting and recycling	Increased recycling rates
Green Transportation	Electric and hybrid vehicle integration	Lowered emissions

Source: Authors' own development.

Sustainable development initiatives within PPPs have led to notable environmental benefits. Renewable energy projects utilizing advanced solar and wind technologies have significantly reduced the carbon footprint, contributing to climate change mitigation efforts. Smart waste management systems have increased recycling rates by efficiently sorting and processing waste, reducing landfill use and environmental pollution. The integration of electric and hybrid vehicles in green transportation initiatives has lowered emissions, improving air quality and reducing dependency on fossil fuels. These initiatives have not only addressed environmental challenges but also promoted sustainable economic growth, demonstrating the effectiveness of PPPs in advancing green technologies and sustainable practices. The integration of these technologies has also enhanced public awareness and acceptance of sustainable solutions, driving broader societal shifts towards sustainability.

e. Table 5: Economic and Social Impact of PPPs

Sector	Economic Impact	Social Impact
Healthcare	Cost savings through innovation	Improved patient outcomes
Education	Enhanced digital learning tools	Increased educational access
Infrastructure	Job creation and economic growth	Improved quality of life

Source: Authors' own development.

The economic and social impacts of PPPs are substantial across various sectors. In healthcare, innovative solutions have led to significant cost savings, making healthcare services more affordable and accessible while improving patient outcomes. In education, the development and deployment of digital learning tools have increased educational access, providing opportunities for lifelong learning and skill development. Infrastructure projects have created jobs and spurred economic growth, enhancing the quality of life by improving transportation, utilities, and other essential services. Additionally, these impacts extend beyond immediate economic gains, fostering social equity and inclusion by providing critical services and opportunities to underserved communities. The comprehensive benefits across different sectors illustrate the transformative potential of PPPs in driving economic development and improving societal well-being through collaborative efforts.

f. Table 6: Risk Management Strategies in PPPs

Strategy	Description	Benefit
Financial Incentives	Providing subsidies and tax breaks	Encourages private investment
Transparent Governance	Clear roles, responsibilities, and contracts	Builds trust and ensures accountability
Risk Sharing Agreements	Allocating risks between partners	Reduces financial burden and project risks
Continuous Monitoring	Regular assessment and reporting	Enhances project performance and compliance

Source: Authors' own development.

Effective risk management strategies are critical to the success of PPPs. Financial incentives, such as subsidies and tax breaks, encourage private sector investment by improving project viability and returns. Transparent governance frameworks with well-defined roles, responsibilities, and contracts build trust among partners and ensure accountability. Risk-sharing agreements that allocate risks between public and private entities reduce the financial burden and project risks for both parties. Continuous monitoring through regular assessment and reporting enhances project performance and compliance with regulatory and contractual obligations. These strategies not only mitigate risks but also create a stable environment for innovation and long-term collaboration. By fostering a transparent and supportive framework, these risk management strategies enable PPPs to achieve their objectives more effectively and sustainably.

g. Table 7: Effective Governance Strategies in PPPs

Strategy	Description	Benefit
Clear Role Definitions	Well-defined roles and responsibilities	Reduces confusion and enhances accountability
Robust Contractual Agreements	Detailed contracts outlining expectations	Ensures compliance and minimizes disputes
Conflict Resolution Mechanisms	Established procedures for dispute resolution	Facilitates quick and effective problem-solving
Regular Audits and Assessments	Periodic reviews of project progress	Enhances transparency and performance

Source: Authors' own development.

Effective governance strategies are fundamental to the success of PPPs. Clear role definitions ensure that all parties understand their responsibilities, reducing confusion and enhancing accountability. Robust contractual agreements outline expectations and obligations, ensuring compliance and minimizing disputes. Conflict resolution mechanisms provide established procedures for addressing disputes, facilitating quick and effective problem-solving. Regular audits and assessments allow for periodic reviews of project progress, enhancing transparency and performance, and ensuring that projects stay on track and meet their goals. These governance strategies not only ensure project success but also build a foundation for trust and long-term collaboration between public and private partners. The implementation of these strategies has demonstrated their effectiveness in managing complex projects, ensuring accountability, and achieving sustainable outcomes.

Conclusions

Summary of Findings. The detailed examination of various case studies and recent literature underscores the profound impact of public-private partnerships (PPPs) on technological development in Europe. Initiatives such as Horizon 2020, Siemens-Government smart grid collaboration, and the UK's digital infrastructure program exemplify how PPPs have been pivotal in achieving technological breakthroughs, enhancing infrastructure, and promoting sustainable development. These findings align with principal-agent theory and resource-based view, which posit that the collaboration between public and private sectors leverages unique resources and capabilities, thus driving innovation and efficiency.

Theoretical Framework and Technological Advancements. From a theoretical perspective, the success of PPPs can be attributed to the synergy created by combining public sector oversight and private sector expertise. The Horizon 2020 program, for instance, demonstrates how pooling resources and capabilities from various stakeholders can lead to significant advancements in renewable energy, artificial intelligence, biotechnology, and ICT. These advancements have not only increased energy efficiency and improved healthcare diagnostics but also enhanced digital connectivity. The Siemens-Government collaboration on smart grids exemplifies the potential of integrating AI and IoT technologies in public infrastructure, significantly advancing energy management and sustainability.

Principal-agent theory highlights the importance of aligning incentives and reducing information asymmetry between public and private partners. The success of these technological advancements illustrates how well-designed PPPs can overcome principal-agent problems by ensuring that both parties have aligned goals and clear communication channels. Furthermore, the resource-based view emphasizes the importance of leveraging unique resources and capabilities from both sectors. In this context, the private sector's technical expertise and the public sector's regulatory knowledge have synergistically driven technological innovation.

Economic and Social Benefits. PPPs have also yielded substantial economic and social benefits across various sectors. In healthcare, innovative solutions resulting from PPPs have led to significant cost savings, making healthcare services more affordable and accessible while improving patient outcomes. This is consistent with economic theories suggesting that innovation drives productivity and cost-efficiency. In education, the deployment of digital learning tools through PPPs has expanded access to quality education, providing opportunities for lifelong learning and skill development. This aligns with human capital theory, which posits that investments in education and skills development enhance workforce productivity and economic growth.

Infrastructure projects under PPPs have created jobs, stimulated economic growth, and improved the quality of life. The UK's digital infrastructure program, for example, has not only bridged the digital divide but also positioned the country as a leader in tech innovation. These economic benefits are consistent with the Keynesian economic theory, which advocates for government intervention and public investment to stimulate economic activity. Moreover, the social benefits of PPPs extend beyond immediate economic gains, fostering social equity and inclusion by providing critical services and opportunities to underserved communities.

Environmental Sustainability. Sustainable development initiatives within PPPs have demonstrated notable environmental benefits. Projects focusing on renewable energy, waste management, and green transportation have contributed to reduced carbon footprints, increased recycling rates, and lower emissions. These efforts highlight the effectiveness of PPPs in promoting green technologies and sustainable practices, supporting broader climate change mitigation goals. The integration of advanced technologies in these initiatives has also enhanced public awareness and acceptance of sustainable solutions, driving broader societal shifts towards sustainability. This aligns with ecological modernization theory, which suggests that economic development and environmental protection can be mutually reinforcing through technological innovation and institutional reforms.

Addressing Challenges. Despite the successes, PPPs face several challenges, including regulatory and legal barriers, financial constraints, and coordination issues. Effective risk management strategies, such as financial incentives, transparent governance, and continuous monitoring, are crucial for mitigating these challenges. Establishing clear roles and responsibilities, robust contractual agreements, and conflict resolution mechanisms are essential for ensuring the success of PPPs. Addressing these challenges through strategic approaches can enhance the effectiveness and sustainability of PPPs, enabling them to achieve their objectives more efficiently. The theoretical lens of transaction cost economics can explain these challenges, emphasizing the need to minimize transaction costs associated with contractual arrangements and governance structures.

Governance and Collaboration. Effective governance strategies are fundamental to the success of PPPs. Clear role definitions ensure that all parties understand their responsibilities, reducing confusion and enhancing accountability. Robust contractual agreements outline expectations and obligations, ensuring compliance and minimizing disputes. Conflict resolution mechanisms provide established procedures for addressing disputes, facilitating quick and effective problem-solving. Regular audits and assessments allow for periodic reviews of project progress, enhancing transparency and performance. These governance strategies not only ensure project success but also build a foundation for trust and long-term collaboration between public and private partners. The concept of collaborative governance, which involves multi-stakeholder engagement and shared decision-making, is particularly relevant here.

Future Directions. The future of PPPs in Europe looks promising, with ongoing initiatives and new projects continuing to leverage the strengths of both public and private sectors. To build on the successes and overcome the challenges, it is essential to maintain a focus on effective governance, sustainable practices, and continuous innovation. Strengthening the collaboration between stakeholders and fostering a culture of trust and transparency will be critical in achieving long-term success and driving further technological advancements. Emphasizing the integration of cutting-edge technologies and addressing emerging societal needs will enable PPPs to remain relevant and impactful. This aligns with the theory of dynamic capabilities, which stresses the importance of adapting and reconfiguring organizational capabilities in response to changing environments.

In summary, PPPs have proven to be a powerful mechanism for driving technological development, economic growth, and environmental sustainability in Europe. By leveraging the strengths of both public and private sectors, PPPs have achieved significant successes across various domains. However, addressing the challenges and focusing on strategic areas such as governance, sustainability, and innovation will be crucial for future success. Through continued collaboration and commitment, PPPs can continue to play a vital role in shaping the technological landscape and promoting sustainable development in Europe. The lessons learned from current and past projects provide a solid foundation for future initiatives, ensuring that PPPs remain a key driver of progress and innovation. This comprehensive analysis reaffirms the theoretical underpinnings of PPPs and highlights their practical implications, offering valuable insights for policymakers, practitioners, and scholars alike.

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УДК: 339.7:336.1

SOCIAL IMPACT BONDS AS AN INTERNATIONAL FINANCIAL INSTRUMENT FOR PUBLIC BUSINESS-PROJECT IMPLEMENTATION

ОБЛІГАЦІЇ СОЦІАЛЬНОГО ВПЛИВУ ЯК МІЖНАРОДНИЙ ФІНАНСОВИЙ ІНСТРУМЕНТ ДЛЯ РЕАЛІЗАЦІЇ СУСПІЛЬНИХ БІЗНЕС-ПРОЄКТІВ

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Abstract. *The article analyzes the mechanism of creation and functioning of social impact bonds. In the process of implementing social programs with the participation of the state, there is an urgent need to find and attract capital assets. However, not all financial instruments that exist on the market are able to provide the set goals precisely in the long-term perspective of achieving social effects. For this purpose, such a new financial instrument as a social impact bond is proposed. Due to its simplicity and convenience, this type of bond provides benefits both for socially vulnerable segments of the population and for investors who aim to be socially significant and responsible in society. At the same time, the effectiveness of the use of investment capital in this case will depend on the level of social effect, which must be measured and evaluated. The use of social impact bonds and their results have been confirmed by the experience of many countries around the world.*

Keywords: *social impact bonds; financial instrument; business project; cash flows; investor funds.*

Анотація. *У статті проаналізовано механізм створення та функціонування облігацій соціального впливу. У процесі реалізації соціальних програм за участю держави виникає гостра потреба у пошуку і залученні капітальних активів. Однак не всі фінансові інструменти, які існують на ринку, здатні забезпечувати поставлені цілі саме у довгостроковій перспективі досягнення соціальних ефектів. З цією метою пропонується такий новітній фінансовий інструмент як облігація соціального впливу. Завдяки простоті та зручності цей різновид облігацій забезпечує переваги як для соціально незахищених верств населення, так і для інвесторів, які ставлять за мету бути соціально значимими та відповідальними у суспільстві. При цьому ефективність використання інвестиційного капіталу в даному випадку залежатиме від рівня соціального ефекту, який має бути вимірний та оцінений. Застосування облігацій соціального впливу та їх результати підтверджено досвідом багатьох країн світу.*

Ключові слова: *соціальні облігації; фінансовий інструмент; бізнес-проект; грошові потоки, інвестиційний капітал.*

Introduction. Nowadays the social impact investing has gained the attention of governments, international organizations, and businesses which are looking for innovative ways to diminish the negative spillover of social and environmental problems and to solve emerging challenges of modern society. The implementation of social business projects demands often powerful start-up investments, which depend on the level of success of business-project and its' positive social effect. One of the modern international financial instruments that help attract funds on mutually beneficial

terms are social impact bonds. They help socially responsible businesses to provide capital assets for the implementation of projects and programs aimed at improving the lives of the population and meeting the urgent needs of both an individual or a group of people, as well as society as a whole. The use of social impact bonds in the management of international business projects contributes to an increase in cash flows due to the realization of investor funds, taking into account support and guarantees from the state. Social financing is especially relevant in countries with a low level of capital intensity, where there is a need for constant improvement of social standards of the quality of life.

The purpose of research. The purpose of research is to analyze the mechanism of social impact bonds as well as to show the practical use of these innovative financial instruments.

Analysis of the latest publications. Many authors try to find the optimal mechanisms of social impact bonds functioning. The most actual approaches have been depicted in the series of surveys of OECD (OECD, 2015, 2016, 2020), where different ambivalent aspects of SIB are performed. Besides some authors dedicate their articles on the SIB problematics, considering their practical implementation in different spheres and countries (Necel R., Wiśniewski M., 2019), (Rabindra N. R., Rabindra N. S., 2016), (Olson, H. and others, 2022). In addition to this there are some Internet sources, that show modern statistic data on social impact bonds as well as the analysis of their influence in society (Government Outcomes Lab, 2024), (Taylor & Francis online, 2024).

The important research results.

In recent years, social impact bonds (SIBs) have gained significant importance in the financing of international business projects. In the process of implementing social programs and projects, the issue of initial financing is increasingly common, especially in countries with low capital intensity. That is why governments, state authorities, social service providers, and project managers are looking for new sources of capital assets to realize ideas and ideas that would bring public benefit.

At the same time, social impact bonds have triggered debates around issues such as the delivery of social services and the quest for efficiency in doing so, the risk transfer from the public to private sector and what this entails for social services providers, the capacity to monitor and evaluate better outcomes, and the increasingly prevalent need to invest in preventative interventions with high returns in the long run (OECD (2016): 3)].

Stakeholders and authorities in some of the globe's wealthiest countries are facing an increasing demand to react to increasing social needs while at the same time facing fiscal needs that could appear to insist on the cutting of social expenses (Olson and other., 2022: 5-6).

A SIB is an innovative financing mechanism in which governments or commissioners enter into agreements with social service providers, such as social enterprises or non-profit organizations, and investors to pay for the delivery of pre-defined social outcomes (Social Finance, 2012; OECD, 2015).

First, an Initiator or Outcome Payer (public or central government institutions), who is responsible for social welfare, makes an agreement with an Intermediary on the commissioning of an intervention and commitment to payment for the outcomes (see Figure 1.).

Second, an international company in form of private entities, or public-private ventures (Intermediary) implementing a social business project issues bonds that can be purchased by private investors, charitable organizations, investment funds, etc (lender of capital). The Contractor – Non-Governmental Organizations provide services to Beneficiaries (people, who bear risk of social exclusion: the long term unemployed, the homeless etc.).

After receiving social services, an evaluator is involved in the scheme, who determines the extent of the results obtained and estimates the benefits or social effects.

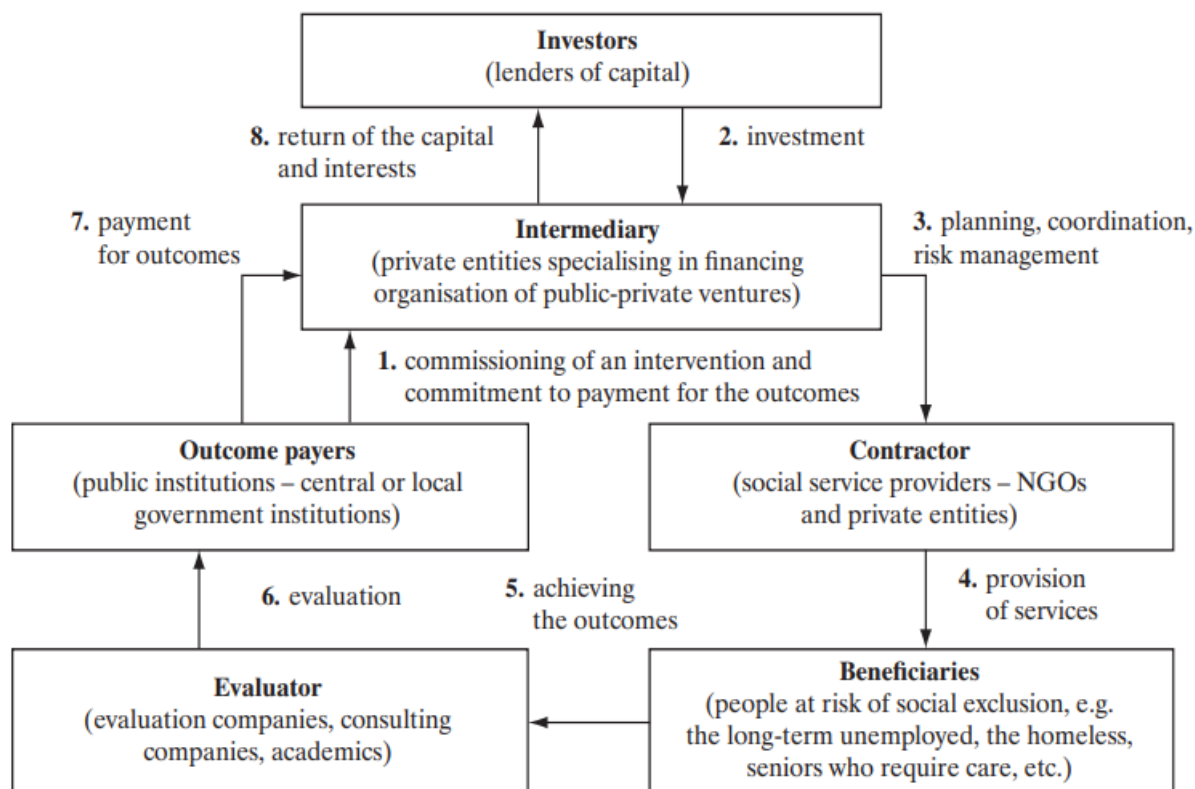


Figure 1. The basic social impact bond mechanism
 Source: (Necel R., Wiśniewski M. (2019): 70)

Measuring results is a critical step in the SIB process. Based on this, the government or an authorized body releases the funds to the investor along with the agreed interest. Therefore, the government or authorized body is the final payer for the results and can also determine the results indicators and terms of payments.

Starting from 2010 to 2022, the volume of social impact investments amounted to 80 million euros, while about 700 million euros were involved in various projects (Degroof Petercam, 2022).

The peculiarities of these securities market are that it is limited by the number of investors, as well as the lack of unification of the legislation on the resolution of these securities, and this circumstance can cause many abuses. Another obstacle to the deployment of the system is that it relies on the evaluation of social action, which is particularly difficult and must be taken with great caution.

Investors, on their end, should consider three areas: funding opportunities, procurement and taxation. Firstly, it has to be examined whether there is a regulatory framework and, if yes, if it allows donors or investors to fund social services and SIB schemes directly or through intermediaries. If yes, a next step is to test whether there are any limits regarding the amounts to be provided as well as the financial vehicles providing them (OECD (2016): 12).

The most discussed and debated SIB-financed project remains the first one, famously launched by the David Cameron government at HPM Peterborough in 2010. The Peterborough SIB was a recidivist programme providing pre- and post-release mentoring to help young male adult and short-sentenced prison leavers break the reoffending cycle. The aim of this project was to provide evidence for ‘social impact’, which is considered to deliver more rigorous evidence than measuring ‘social outcome’ or ‘social output’ (Taylor & Francis, 2010).

The social impact bond raised £5 million from trusts and foundations to fund the One Service – an umbrella organization designed to respond to the complex needs of offenders. The One Service was delivered by St Giles Trust, Ormiston Families, Sova, MIND, TTG Training, YMCA and John Laing Training, and was managed by Social Finance. Over the course of the program, it became an integral part of the Safer Peterborough Partnership. Staff worked closely with the police, the

probation service, the Integrated Offender Management Teams, the prison, the local authority, local statutory providers and the voluntary sector.

Over five years of operation, support from the One Service was offered to two cohorts of 1,000 short-sentenced male prisoners for a period of up to 12 months post-release. Engagement was voluntary, but the whole cohort was included in the measurement of the results. (Social Finance).

Social impact bonds have constantly increasing potential for application in developing countries. There are many potential areas of application of impact investment in developing countries such as mentioned below.

1. Community filtration units for supply of clean water to below poverty population.
2. Maternal health provision, particularly the attendance of births by a skilled professional when otherwise a professional would not have been present.
3. Gyan Shala, a form of one-room schools in the urban slums of India operated by a not-for profit organization for low-income group confirmed a strong willingness to pay school fees at a level that would sustain the business model commercially.
4. Broad objective of Sustainable Development Goals is to provide a sustainable framework for development through eradication of poverty and deprivation, improvement of economies, protection of health and environment, promotion of good governance etc., implementation of which will be dependent on sufficiency of funds (Rabindra N. R. & Rabindra N. S., 2016).

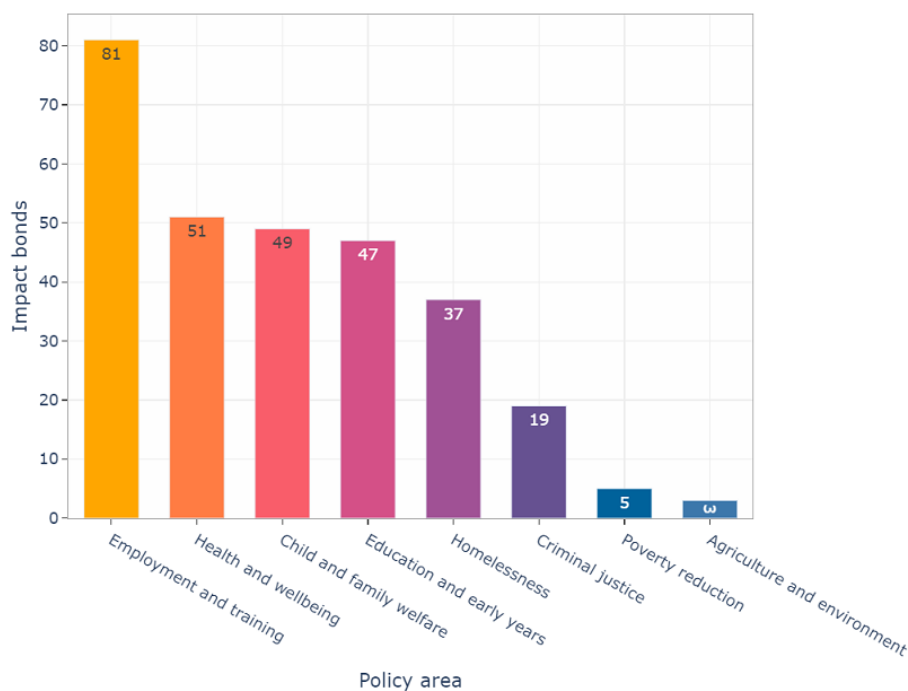


Figure 2. Global impact bonds by policy area.

Source: (Government Outcomes Lab, 2024)

The Figure 2 shows us the most used policy areas of social impact bonds as of 2024. The leading area is employment and training as well as health and well-being.

United Kingdom is the leader among holders of social impact bonds by a significant margin. The service user figure for the UK is based on available data for 80 projects. 28 projects reported data on actual number of engaged service users, 52 projects reported data of target number of engaged service users and 18 projects did not report data on service users (see Figure 3).

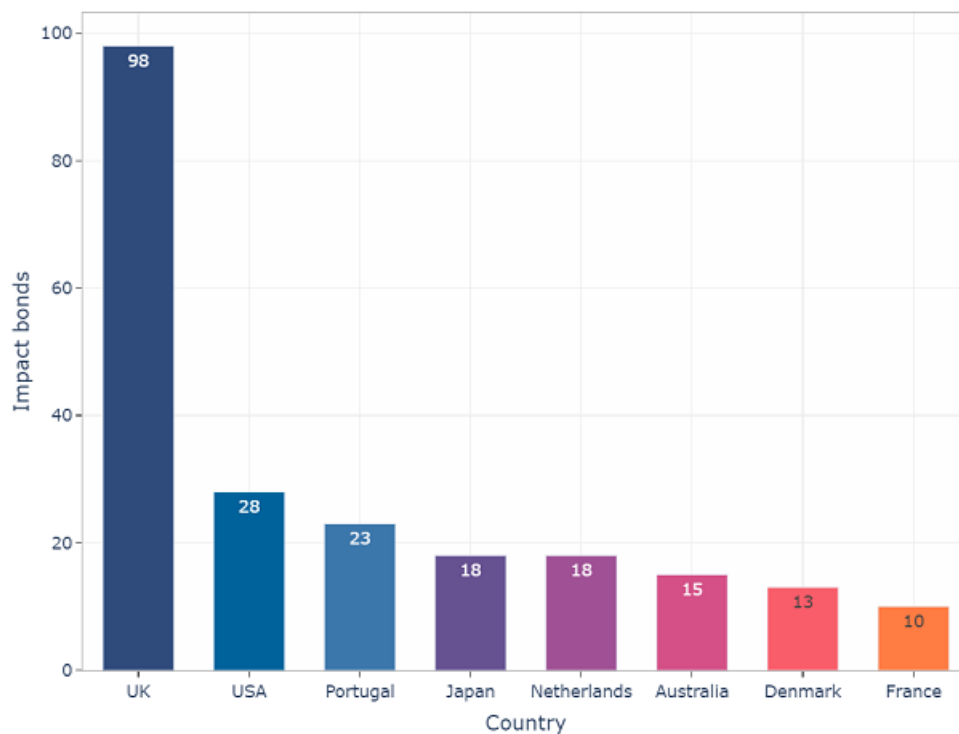


Figure 3. Leading impact bond countries.
Source: (Government Outcomes Lab, 2024)

Thus, social impact bonds are innovative financial instruments that are dynamically developing in our time. They allow, on the one hand, to improve the quality of implementation of social programs, to implement business projects for people or organizations that perform an important social mission. On the other hand, these financial instruments contribute to a more effective cross-border redistribution of production and financial resources in the long term due to the implementation of state programs.

Conclusions. Despite certain difficulties in assessing the social effect and the uncertainty of the level of profitability for investors, social impact bonds may have good reasons for further development in the world. And the prospects for the development of SIB will depend on many factors: improvement of mechanisms of cash flows and guarantees; the political and economic will of state institutions in the implementation of social programs; the level of interest of investors, etc.

For private companies with high social responsibility, the sale of social impact bonds is a worthy alternative to raising capital funds, such as mezzanine, project financing, or convertible bonds. In addition, non-profit private organizations that could improve the process of improving the quality of social programs should be involved in this process. Thus, in the synergistic interaction of several key participants of the SIB mechanism, this financial instrument will contribute to the sustainable development of society on mutually beneficial terms.

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УДК 339.926:339.972:339.982

INSTITUTIONAL FEATURES OF THE FORMATION OF A GREEN ECOSYSTEM OF INTERNATIONAL FINANCE

ІНСТИТУЦІЙНІ ОСОБЛИВОСТІ СТАНОВЛЕННЯ ЗЕЛЕНОЇ ЕКОСИСТЕМИ МІЖНАРОДНИХ ФІНАНСІВ

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***Abstract.** The purpose of the article is to determine the principles and specific features of building a green financial ecosystem that stimulates the development of circular business models in the context of promoting sustainable development. The new ecosystem of global finance is being formed - a system of responsible financing (ESG-finance), including a system of "green" finance, which is based on three risk factors - environmental, social and governance (ESG). Ecosystem of "green" financing was created to achieve the 17 sustainable development goals set out in the UN 2030 Agenda for Sustainable Development. As part of the new approach, UN member states are committed not only to begin implementing measures to green the economy, but also to support new methods of financing and overall "greening" of the financial system. The specificity of "green" investments is that the principal customer, guarantor and co-investor is the state, which bridges the gap between the individual interests of investors and the collective problems of society. ESG investing is an approach to investing that considers a broad range of environmental, social and governance factors and their impact (both positive and negative) on performance. The integration of ESG factors is used to enhance traditional financial analysis by identifying potential risks and opportunities beyond technical assessments. The implementation of the "green" concept requires the mobilization of public and private sources of financing and the development of "green" financial instruments that can provide the necessary flows of "green" investments. Green lending is part of this concept. It has a significant impact on the country's economy, developing its banking industry, making commercial banks important participants in the green model and more competitive in the global financial market. The popularization of the principles of the "green" economy has led to an increase in the demand for financial institutions capable of structuring and directing investments for environmental protection. Therefore, the formation of a portfolio of "green" loans, which provides for the financing of environmental projects and activities in the field of energy efficiency, renewable energy sources, environmentally friendly industry and other areas of activity that are related to environmental protection, is one of the tasks of banks in various countries. Among other initiatives for greening the financial system: Sustainable Stock Exchange Initiative, Financial Centers for Sustainability, Sustainable Insurance Forum, Sustainable Digital Finance Alliance. An important role in the formation of the "green" investment market is played by international institutions - international multilateral banks and various environmental and climate funds. Necessary measures to green the financial system include: development and support of specialized institutional investors ("Green" development banks, funds, evolutionary institutions); monetary and fiscal policy measures in the field of "green" finance (Preferential "green" loans;*

bonds); development and strengthening of “green” financial infrastructure (development of a low-carbon economy, rating system, “green” stock indices, non-profit databases and cost analysis systems, global network of institutional investors); development of “green” legal infrastructure (insurance, creditors’ liability, mandatory requirement for disclosure of environmental information).

Key words: sustainable development, circular economy, green transition, regulation, green financial system, financial instruments, green investment, green finance, EU, ESG

Анотація. Мета статті полягає у визначенні принципів та специфічних особливостей побудови зеленої фінансової екосистеми, що стимулює розвиток циркулярних бізнес-моделей в умовах сприяння сталому розвитку. Встановлено формування нової системи зелених фінансів або нової зеленої фінансової екосистеми. Зелені фінансові моделі включають: сталі фінанси; соціо-екологічні фінанси; зелені фінанси; кліматичні фінанси; низьковуглецеві фінанси; традиційні фінанси. Нова зелена фінансова екосистема передбачає інтеграцію принципів ESG-інвестування, що дозволяє залучати фінансові ресурси на реалізацію проєктів, спрямованих на: пом'якшення клімату, адаптацію до зміни клімату, захист біорізноманіття, раціональне використання та охорону водних і морських ресурсів, перехід до циркулярної економіки, уникнення відходів і переробку, уникнення та зменшення забруднення навколишнього середовища, захист здорових екосистем і стале землекористування; доступ до належного медичного обслуговування та запобігання епідеміям, дотримання визнаних трудових стандартів (без використання дитячої праці, примусової праці чи дискримінації), дотримання безпеки праці та охорони здоров'я, застосування однакових вимог до всіх учасників ланцюга поставок, інклюзивні проєкти тощо. Фінансовий сектор пропонує великий пул зелених інвестиційних продуктів, які відрізняються між собою за ступенем відповідності ESG-критерія. Відповідність ЦСР виступає альтернативним методологічним підходом до визначення зеленого сегменту фінансового ринку. Відзначено впровадження неуніфікованих між собою мінімальних стандартів сталості у фінансовому секторі, що впливає на процеси грінвошинга.

Ключові слова: сталий розвиток, циркулярна економіка, зелений перехід, регулювання, зелена фінансова система, фінансові інструменти, зелені інвестиції, зелені фінанси, ЄС, ESG

Introduction. In a global context, the process of greening is considered as a key element of the sustainable development strategy. The involvement of an increasing number of countries in this process leads to the formation of global agreements that not only require from each country party to the agreement an official declaration of a policy for the transition to a green economy, but also practical confirmation of these intentions by real actions in the field of greening industrial production and the use of natural resources. resources, implementation of circular business models.

At the intersection of two spheres of human activity - financial and environmental - a new ecosystem of global finance is being formed - a system of responsible financing (ESG-finance), including a system of "green" finance, which is based on three risk factors - environmental, social and governance (ESG). Ecosystem of "green" financing was created to achieve the 17 sustainable development goals set out in the UN 2030 Agenda for Sustainable Development. As part of the new approach, UN member states are committed not only to begin implementing measures to green the economy, but also to support new methods of financing and overall “greening” of the financial system. These factors must be taken into account, on the one hand, by companies and organizations of all forms of ownership that attract investments for their development, and on the other hand, by institutional investors and financing organizations in credit policies and investment strategies. Along with traditional financial instruments, instruments for responsible project financing have entered the financial market. This is due to the global development of the process of socially responsible investment, in which the requirements of investors are associated not only with a certain rate of return, but also with the compliance of the investment object with environmental, social and ethical criteria. If at first “green” investments were financed mainly by multilateral financial

institutions, today the generally accepted position is that each country should develop its own strategy for financing sustainable development. Moreover, this strategy should take into account all sources of financial resources (public and private, domestic and international). To attract these funds, not only well-thought-out government policy will help, but also innovative financing mechanisms, including representatives of private business. The public sector plays a significant role in attracting investment, which can reduce the risk of non-return on projects, thus increasing their attractiveness for private investors. Public funds are raised through financial institutions, government funds and green investment banks. Public financial institutions are directing a certain amount of their resources to expand private capital in green investments. A separate financial instrument is the so-called “climate” funds. They are needed to cover the costs of climate change mitigation and adaptation. The specificity of “green” investments, as the experience of developed countries shows, is that the principal customer, guarantor and co-investor is the state, which bridges the gap between the individual interests of investors and the collective problems of society. ESG investing is an approach to investing that considers a broad range of environmental, social and governance factors and their impact (both positive and negative) on performance. The integration of ESG factors is used to enhance traditional financial analysis by identifying potential risks and opportunities beyond technical assessments. Despite the presence of a social component, the main goal of ESG assessment remains financial indicators. By 2025, ESG funds will have more assets under management than other funds. At the same time, the market share of ESG funds will increase to 57% in 2025 compared to the current 15%. By taking ESG factors into account, issuers can increase shareholder value, for example by properly managing risk, anticipating regulatory actions or entering new markets, while contributing to the sustainable development of the society in which they operate. Moreover, these factors can have a strong impact on reputation and brand, which are becoming an increasingly important component of a company's value.

The purpose of the article is to determine the principles and specific features of building a green financial ecosystem that stimulates the development of circular business models in the context of promoting sustainable development.

Literature review. The scientific concept of sustainable finance has been actively developing for only a few years, while the evolution of sustainable finance has been traced in practice since at least the early 2000s (*Dovgal, O., Borko, T., Miroshkina, N., Surina, H., & Konoplianyk, D., 2024*). The evolution of sustainable funding was marked by four “waves” that occurred in the early 2000s, the middle of the first decade of the 20th century, 2012 and 2015. Initially, sustainable finance was more associated with reputational risk management, which drew public attention to ethical financial behavior (*Huamao, X., & Fengqi, W., 2007*). At the next stage, the focus shifted to business risk management, taking into account environmental, social and governance factors (*Friede, G., Busch, T., and Bassen, A., 2015*). The third stage of the concept formation was marked by interest in finding investment opportunities that correspond to the concept of sustainability, which led to the formation of a market for sustainable financial services (*Verheyden, T., Eccles, R.G., and Feiner, A., 2016*). In the fourth stage, this market entered the institutionalization phase. The concept of sustainable finance, in turn, includes a number of interrelated concepts (*Khan, M., Serafeim, G., and Yoon, A., 2015*). In its broadest sense, sustainable finance is embedded in a functional concept, which includes an institutional concept that has an instrumental cross-section (*Melnyk, T., Reznikova, N., & Ivashchenko, O., 2020*). In the modern interpretation, “sustainable financial system” includes a number of aspects, for example, socio-economic, environmental and managerial, which must be in close interaction and not cause damage to each other. Perhaps this is why the terms “climate finance”, “sustainable finance”, “green finance” (*Chala, V., Orlovs'ka, Y., Kvaktun, O., Vovk, M., 2017*) are used interchangeably, although this is not entirely correct. Historically, the concept of climate finance was the first to come into widespread use. This was due to the worsening problem of greenhouse gas emissions and the need to adapt to climate change. Green finance most often refers to investments that finance projects that provide environmental benefits in the broad context of environmental sustainability (*Reznikova, N., & Grod, M., 2023*). In turn, “sustainable finance” broadly defined as any form of financial product or service provided by financial

intermediaries that contributes to positive environmental and socio-economic goals, while contributing to the goals of the Paris Climate Agreement and the SDGs (*Jaeger C. C., Schütze, F., Fürst, S., Mangalagiu, D., Meißner, F., Mielke, J., Steudle, G., and Wolf, S. (2015)*). In particular, global sustainability challenges such as climate change or poverty cannot be solved without responsible financing (*Acsinte, S., Verbeek, A., 2015*).

Main results of the research. The implementation of the “green” concept requires the mobilization of public and private sources of financing and the development of “green” financial instruments that can provide the necessary flows of “green” investments. Green lending is part of this concept. It has a significant impact on the country's economy, developing its banking industry, making commercial banks important participants in the green model and more competitive in the global financial market. The popularization of the principles of the “green” economy has led to an increase in the demand for financial institutions capable of structuring and directing investments for environmental protection. Therefore, the formation of a portfolio of “green” loans, which provides for the financing of environmental projects and activities in the field of energy efficiency, renewable energy sources, environmentally friendly industry and other areas of activity that are related to environmental protection, is one of the tasks of banks in various countries. In particular, more than 120 banks in approximately 40 countries now follow the Equator Principles, the financial industry benchmark for identifying, assessing and managing social and environmental risks associated with the project financing process. The Principles are a voluntary initiative that encourages companies to consider environmental, social and corporate governance (ESG) issues as part of their investment decision-making process, with the goal of aligning the company's agenda with societal expectations. European financial companies are among the leaders in green investing that is in line with the Equator Principles. One of the leading organizations introducing the principles of sustainable development into the daily activities of companies is the international Association for Responsible Investment PRI (Principles for Responsible Investment), operating with the support of the UN (UN PRI). The association was created in 2006 after several major institutional investors from 12 countries developed six core Principles for Responsible Investment with the goal of minimizing the risks of long-term investing by incorporating ESG factors into investment strategies.

Unlike financial statements used for investment analysis, public ESG reporting is not audited, which creates additional incentives for companies to try to accommodate the rating methodology and present the company in a good light. The emergence of greenwashing is a consequence of narrowing investment opportunities for companies that do not implement circular and sustainable business models (*Cheba, K., & Bqk, I., 2021*). Capital owners (insurance companies, endowments, etc.) include ESG factors in the sustainable development strategy, take them into account when choosing potential counterparties (capital management companies), set restrictions on the conditions for using capital (compliance with ESG principles, reporting, etc.). Wealth management companies (asset management companies, investment managers) analyze ESG risks before investing, focus on developing the skills of their employees in the field of responsible investing, and set key performance indicators for managers regarding responsible investment portfolios. Stock exchanges establish ESG factors as reporting requirements for companies, regulate requirements for the allocation of assets (including ESG-oriented securities), and monitor ESG incidents of companies. Portfolio companies (attracting investments for business development) strive to operate in accordance with ESG principles, publish information on compliance with ESG principles to participate in ratings, and report to investors and stock exchanges on ESG risk management.

The Central Banks and Supervisors Network for Greening the Financial System was created at the Paris Summit "One Planet Summit" in December 2017 with the aim of promoting the implementation of measures necessary to achieve the goals of the Paris Agreement, as well as to exchange experience and information about environmental practices, promote the development of environmental management and management of risks associated with climate change, capital mobilization to support the transition to a sustainable economy. The processes of institutionalization

of the green financial ecosystem are accompanied by the introduction of a number of international initiatives, the implementation of whose goals involves the use of supranational levers of influence. Among them we include: Coalition of Finance Ministers for Climate Action (CFMCA) intends to help countries mobilize and align the financial resources needed to implement their national climate action plans; Santiago Action Plan (under the CFMCA) intends to accelerate national climate action (e.g. green budgeting), financial sector policies (e.g. transparency and disclosure of climate-related financial risks, risks to financial stability); EU Action Plan on Financing Sustainable Growth has 3 main objectives: 1) reorient capital flows towards sustainable investment for sustainable and inclusive growth; 2) manage financial risks stemming from climate change, environmental degrading and social issues, and 3) foster transparency and long-termism in financial and economic activity; International Platform on Sustainable Finance (IPSF) will deepen international cooperation and coordination on approaches and initiatives for the capital markets (such as taxonomies, disclosures, standards and labels); Central Banks and Supervisors Network for Greening the Financial System (NGFS) purpose is to help strengthen the global response required to meet the goals of the Paris Agreement (*NGFS, 2019*); G20 Sustainable Finance Study Group aims to identify institutional and market barriers to green finance, and based on country experiences, develop options on how to enhance the ability of the financial system to mobilize private capital for green investment; International Network for Financial Centers for Sustainability (FC4S) enables financial centres to exchange experience, drive convergence, and take action on shared priorities to accelerate the expansion of green and sustainable finance; Centre of Green Finance and Investment (CGFI) catalyzes and supports the transition to a green, low-emissions and climate-resilient economy; Green Bond Transparency Platform; Financial Stability Board (FSB) – Task Force on Climate-related Financial Disclosures (TCFD); Sustainable Banking Network (SBN); Institute of International Finance (IIF): Sustainable Finance Working Group (SFWG) promotes capital markets solutions that support the development and growth of green finance; UNEP FI Principles for Responsible Banking (PRB) provide the framework for a sustainable banking system; Sustainable Stock Exchanges (SSE) initiative's mission is to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policymakers and relevant international organizations, can enhance performance on ESG issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals; Global Alliance for Banking on Values (GABV) is an independent network of banks using finance to deliver sustainable economic, social and environmental development; Sustainable Insurance Forum (SIF) aims to strengthen insurance supervisors' and regulators' understanding of, and responses to sustainability challenges and opportunities for the business of insurance, focusing on environmental issues such as climate change; International Organization of Securities Commission (IOSCO) develops, implements and promotes adherence to internationally recognized standards for securities regulation; International Capital Market Association (ICMA) (The Green Bond Principles / The Social Bond Principles / The Sustainable Bond Guideline) provides services and assistance to participants in the international capital and securities markets (*ICMA, 2020*); CPI Lab network accelerates well-designed financial instruments that intend to unlock billions for investments in energy efficiency, renewable energy, sustainable transport, climate smart agriculture; CDP (former Carbon Disclosure Project) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts (*GIZ, 2020; ICMA, 2020; Park, H., Kim, J., 2020*).

An important role in the formation of the "green" investment market is played by international institutions - international multilateral banks and various environmental and climate funds. However, the effectiveness of using their resources largely depends on the effectiveness of national government policies, the quality of the national institutional environment, and the social responsibility of business.

One of the most important components of the emerging global market is the emerging "green" banking system, in which a multi-level "network" of financial intermediaries is gradually emerging, including, on the one hand, global, regional and national "green" banks and development

banks, on the other hand, separate eco-finance units and “green” development banks established within the framework of already existing commercial banks.

Necessary measures to green the financial system include:

1. Development and support of specialized institutional investors (“Green” development banks, funds, evolutionary institutions);

2. Monetary and fiscal policy measures in the field of “green” finance (Preferential “green” loans; bonds);

3. Development and strengthening of “green” financial infrastructure (development of a low-carbon economy, rating system, “green” stock indices, non-profit databases and cost analysis systems, global network of institutional investors).

4. Development of “green” legal infrastructure (insurance, creditors’ liability, mandatory requirement for disclosure of environmental information).

Fundamental structural changes in the global financial system are decisively determined by long-term trends in macroeconomic dynamics. Among them, in recent decades, environmental and climate objectives, or the “green” factor, have become increasingly important (*Fazey, I., Moug, P., Allen, S., Beckmann, K., Blackwood, D., Bonaventura, M., & Wolstenholme, R., 2018*). According to a narrow interpretation, “green” finance is understood as a set of financial products and services, the development, production and use of which are aimed at reducing environmental and climate risks of development. Therefore, by “circular” finance we mean a set of financial products and services, the development, production and use of which are aimed at introducing circular business models and reducing the resource footprint of companies.

The second significant green financing instrument is the green bond. According to the definition of C-bonds, a “green” bond is considered to be one that satisfies four requirements: the capital raised must be directed to the implementation of “green” projects, investments must be assessed for compliance with environmental principles, funds raised by the issuer are of exclusively targeted nature, and information about their expenditure is transparent, the balance of funds from the bond issue is published annually (*Szopik-Depczyńska, K., Cheba, K., Bąk, I., Stajniak, M., Simboli, A., & Ioppolo, G., 2018*).

“Green” financing includes expenses, primarily investments from public and private sources in the development and implementation of projects and programs in the field of, firstly, rational (balanced) environmental management, including maintaining the sustainability of the production of ecosystem services (for example, water resources management, soil protection, biodiversity conservation); secondly, the production of environmental goods and services (for example, the production of environmentally friendly equipment and technologies, waste management, oil spill response, development of environmental tourism); thirdly, the development of low-carbon technologies and the reduction of greenhouse gas emissions and/or adaptation (increasing resilience) to climate change and its consequences (for example, increasing energy efficiency, breeding and using drought-resistant varieties of crops, developing the use of new materials to protect buildings from bad weather). The last component is designated by experts as “climate finance” and is essentially allocated to a separate category.

“Green” banks are specialized institutions that are part of the local financial infrastructure, and are primarily focused on supporting clean energy projects in local markets through the use of public and private capital in order to increase low-carbon investments and increase the degree of use of clean energy in the market. Banks can supplement or increase their capabilities by focusing on “green” projects, in-depth technical assistance to projects, developing a portfolio of potential projects and innovative use of capital. Green banks are designed to maximize overall investment by using limited public funds to attract much larger private investments to finance green projects. In a broader sense, “green” banks include alternative financial institutions that invest in environmental protection, rational use of resources, support of agriculture and producers of organic products, and also ensure a high degree of transparency of financial transactions and social responsibility towards clients and own employees. The greening of the financial system is facilitated by the introduction of ideas of sustainable digital financing, which is the attraction of financing together with the

connection to the process of related institutions and the market in order to maximize the technological effect of ecosystems using such tools as: platforms for mobile payments, crowdfunding, lending, arrays finance-related data, artificial intelligence, machine (robot) learning, blockchain technology, digital tokens and the Internet of Things. "Green" banking is implemented as: (1) a bank management mechanism aimed at reducing environmental damage and costs as a result of banks' current operational activities; (2) the mechanism of providing monetary credit resources for the stimulation of environmental projects, the production of "green" technologies, ecological goods and services, or for the development of environmental protection activities (Tara, K., Singh, S., & Kumar, R., 2015).

"Green" loans are provided by banks in accordance with the developed and approved credit policy. The Bank can provide in its credit policy "green" loan products with conditions attractive to borrowers (including the type of loan, term, interest rate and amount), thereby stimulating the creation and development of environmentally friendly and energy-saving industries and enterprises, influencing changes in the structure of social production, ratio of "dirty" or "brown" enterprises to "green" enterprises, promoting green growth. At the same time, banks can "punish" enterprises that violate norms and laws on environmental protection or energy conservation by stopping lending, refusing to lend to projects without a positive environmental effect, thus controlling the acceptance of environmental risks by borrowers. Green credit policies can be developed and implemented not only by responsible banks, but also by the state. The state's "green" credit policy defines strategic sectors, priority sectors (for example, energy saving, renewable energy sources, clean technologies), for the implementation of projects in which "green" loans should be provided by both commercial banks and development banks. In addition to "green" loans, "green" financial instruments of "green" Development Banks and responsible banks rightfully include climate and "green" bonds, which are debt securities from which the proceeds are used to finance environmental and climate projects. Banks can finance new and refinance existing environmental projects using funds raised by securitizing assets into green bonds and then issuing green bonds to third-party investors.

The main contribution to green investment, including renewable energy and other low-carbon projects, comes from direct bank loans, which account for about 2/3 of debt and about half of total financing (the contribution of institutional investors is about 14% and 11%, respectively). The share of banks in debt financing of investment projects in the region under consideration already exceeds 60%. In the long term (2036–2040), thanks to the diversification of funding sources and the development of the market for low-carbon technologies, including renewable energy sources, the share of banks may decrease to 33%. At the same time, the share of the above-mentioned innovative financial instruments (green bonds, ABS, etc.) is likely to approximately double (to 23%) (Buchner, B., Naran, B., Padmanabhi, R., Stout, S., Strinati, C., Wignarajah, D., Miao, G., Connolly, J. and Marini, N., 2023).

Conclusions. In the long term, green trends will increase their impact on the restructuring of the global economy and finance. These processes will be based on the following circumstances: the formation of a new technological structure based on nano-, bio- and information and communication technologies; reduction of environmental and climate risks under the influence of new technologies and economic growth in general (this result is envisaged and supported by the obligations of the parties to the 2015 Paris Climate Agreement). In each specific case, "green" finance can focus on primarily solving current (prevention of pollution and restoration of violations) or future tasks (introduction of clean technologies). With this approach, "green" finance ensures the current and future safe existence of society. Despite the youth of the concept itself, its essence is constantly modified: new natural and economic conditions, tools and institutions arise, the understanding of the capabilities and limits of the environment changes, new tasks and priorities appear - and, as a result, the scenarios for their development are updated and the operating conditions are reassessed and implementation of financing. The solution to the listed problems can be attributed to the first rule of the development and purpose of "green" finance. To perform its functions, "green" finance uses special mechanisms that allow it to combine efforts and achieve a cumulative result. "Green" finance follows the rules of systems, which are based on the

characteristics of their superposition as a derivative of the scale of activity and the number of communications. And the higher the complexity, the more dangers and risks arise. An addition to the rule of operation of these systems is the presence of a network environment and network interaction - the results of investments in one area affect development in other places and / or time zones. "Green" financing has special functions and properties, and over time, their understanding and development comes more and more. Thus, systematic studies of the repeated errors in estimates and forecasts used by financiers in practice, and how these errors can indicate mental processes that precede them, have led to new discoveries. In particular, scientists and practitioners have advanced in understanding the patterns of global natural disasters, which has allowed financiers to arrange not only their insurance, but also the financing of measures that reduce the likelihood of their occurrence. The significance of environmental financial innovations lies in the fact that they do not so much change the methods of manipulating money and risks as they rebuild the mechanism for the economic development of natural assets.

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УДК: 339.7.01.:330.101.4

PHILOSOPHY OF MONEY AS FOUNDATIONAL FRAMEWORK FOR THE CONCEPTUAL ORDER OF THE INTERNATIONAL MONETARY AND FINANCIAL SYSTEM

ФІЛОСОФІЯ ГРОШЕЙ ЯК ФУНДАМЕНТАЛЬНА ОСНОВА КОНЦЕПТУАЛЬНОГО УСТРОЮ МІЖНАРОДНОЇ ВАЛЮТНО-ФІНАНСОВОЇ СИСТЕМИ

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***Abstract.** This article delves into the foundational philosophy of money, exploring its pervasive influence on the conceptual framework of the global financial and monetary systems. Tracing philosophical attitudes towards money from ancient to modern times, it critically examines the moral and ethical tensions inherent in the relationship between money and truth. The analysis begins with classical antiquity, where philosophers like Plato and Aristotle juxtaposed the pursuit of truth with the economic functions of money, viewing it as a morally corrupting influence that impedes the genuine search for wisdom. The narrative progresses through history, highlighting how subsequent philosophers have consistently mirrored this scepticism towards the monetisation of human values.*

The discussion extends into modern philosophical interpretations, notably Georg Simmel's "Philosophy of Money," which articulates money's dual role as both a disruptor and an integrator within society. Simmel's analysis portrays money as a fundamental mediator in social relations, yet also a catalyst for alienation and reification, reflecting a deeper philosophical inquiry into the nature of value and the ethical implications of economic interactions. By engaging with these philosophical discourses, the article aims to provide a comprehensive understanding of how money has been perceived and theorised as a force that shapes societal structures and human interactions. It invites readers to reconsider the ethical dimensions of economic practices and the profound impact of monetary philosophy on the fabric of modern society, advocating for a critical reassessment of the values that govern our financial and social systems. Through this exploration, the article contributes to a deeper intellectual discourse on the role of money in shaping not only economic but also cultural and ethical landscapes.

Keywords: philosophy of money, international monetary and financial system, ethics of global governance, global order, interdisciplinarity, philosophy of science.

Анотація. Стаття зосереджується на фундаментальних філософських аспектах грошей та їх значущості в осмисленні теоретичних підвалин світової валютно-фінансової системи. Досліджуючи історію філософського розуміння грошей від античності до сьогодення, автори критично розглядають етичні та моральні дилеми, притаманні взаємодіям між грошима та правдою. Прослідковуються міркування з античної доби, де такі філософи, як Платон та Аристотель, негативно ставилися до економічних ролей грошей, розглядаючи їх як корумпуючий вплив, який перешкоджає пошуку істини.

Особливу увагу у статті приділено аналізу праці Георга Зіммеля «Філософія грошей», в якій гроші виступають як амбівалентний елемент у суспільстві, сприяючи як його інтеграції, так і дезинтеграції. Зіммель виділяє гроші як головного медіатора у соціальних взаємодіях, а також як спонукальний чинник до алієнації та реїфікації (відчуження та уречевлення). Такий аналіз висвітлює філософське дослідження вартості та етичних аспектів в міжнародних економічних відносинах. Дана стаття пропонує поглиблене розуміння концепцій та теорій грошей як динамічного чинника, який впливає як на суспільні структури, так на міжособистісні та міжнародні відносини. Авторами пропонується переосмислити етичні аспекти економічних процедур та значення монетарної філософії у сучасному світі, а також критично переглянути цінності, які керують нашою фінансовою та соціальною системою. Таке дослідження сприяє глибшому інтелектуальному діалогу щодо впливу грошей на формування не лише економічних, але й культурних та моральних контекстів.

Ключові слова: філософія грошей, міжнародна валютно-фінансова система, етика глобального врядування, світопорядок, міждисциплінарність, філософія науки.

Introduction. The philosophical scrutiny of money, despite its ancient origins, remains a compelling issue in the understanding of its pervasive influence on contemporary global financial systems and societal interactions. Historically, money has been variously characterised as both a necessary economic tool and a potentially corruptive force capable of undermining moral and ethical norms. This dualistic perception prompts significant philosophical inquiry into the nature of money and its role within modern capitalism.

The solely economic theories of money encompass various perspectives on its nature, functions, and roles within an economy, providing frameworks for understanding its impact on economic activities. Major theories include the classical theory, which emphasises money as a medium of exchange, unit of account, and store of value, focusing on the Quantity Theory of Money that links money supply to price levels (Adam Smith, David Ricardo, John Stuart Mill). The neoclassical theory builds on classical foundations, viewing money as neutral in the long run and focusing on its role in facilitating transactions and reducing costs (Alfred Marshall, Leon Walras, William Stanley Jevons). Keynesian theory asserts that money influences aggregate demand through interest rates and investment, with money demand driven by transactions, precautionary, and speculative motives (John Maynard Keynes, Joan Robinson, Paul Samuelson). Post-Keynesian theory extends Keynesian principles, emphasising the endogenous nature of money supply determined by loan demand and the central role of banks (Hyman Minsky, Nicholas Kaldor, Paul Davidson). The monetarist theory advocates for controlling the money supply to regulate economic activity and control inflation, seeing inflation as a monetary phenomenon (Milton Friedman, Anna Schwartz, Karl Brunner). Austrian theory views money as emerging from the market process, critical of central banking and fiat money, and advocates for commodity money and free banking (Ludwig von Mises, Friedrich Hayek, Murray Rothbard). Modern Monetary Theory argues that sovereign governments issuing their own currency can use fiscal policy to achieve full employment and price stability, viewing deficits as tools for public investment (Warren Mosler, Stephanie Kelton, Randall Wray). While these theories offer valuable insights into the economic functions of money, this paper goes beyond an economistic vision.

The primary problem that this article addresses is the lack of comprehensive integration of classical philosophical insights with contemporary economic practices. While ancient philosophers

like Plato and Aristotle discussed the ethical implications of monetary transactions in terms of moral degradation and societal corruption, modern economic systems continue to expand the role of money, often neglecting these philosophical warnings. This dissonance between historical wisdom and modern practice raises critical questions regarding the adequacy of current financial systems to foster true human flourishing and ethical integrity. Additionally, the conceptualisation of money has undergone substantial transformations from a tangible medium of exchange to a complex abstraction underpinning global finance. Yet, the philosophical examination of these transformations is often segmented and disconnected from interdisciplinary impacts on social structures, individual psychology, and cultural dynamics. This gap in holistic understanding limits the effectiveness of philosophical contributions to economic reforms and policymaking. Thus, we face the imperative need to bridge these gaps by revisiting foundational philosophical discussions on money, examining their relevance in modern economic contexts, and exploring potential philosophical frameworks that could guide the ethical evolution of monetary systems in a globalised world.

Purpose of the article. The primary purpose of this article is to reassess the philosophical discourse on money, from its classical foundations to modern global economies. It explores how historical attitudes toward money can inform and reform contemporary economic practices and theories. By analysing the ethical dimensions and societal impacts of money in classical and modern works, this study proposes a conceptual framework integrating these insights with current economic realities. This framework aims to develop more ethical and sustainable financial systems that serve individual well-being and societal good. The article contributes to the dialogue between philosophy and economics, examining how money shapes and is shaped by human values and societal structures.

Literature review. This article draws upon a rich tapestry of philosophical and economic thought to explore the complex relationships between money, ethics, and society. The references encompass a broad range of theories and discussions that significantly contribute to the field of economic philosophy.

The classical and modern philosophical foundations set by Aristotle (Aristotle, 1995) and Plato (Plato, 1997) emphasise the moral implications of economic activities. Aristotle's critique of monetary pursuits as inferior to the virtuous life establishes a foundational perspective for understanding the ethical dimensions of economic life. Georg Simmel (Simmel, 1989a; 1989b; 1995a; 1995b; 1996) provides a comprehensive analysis of the social implications of money. His works, particularly "Die Philosophie des Geldes," delve into the dual role of money as both a facilitator of social relations and a potential source of alienation, highlighting the transformative power of money in modern urban life. The critical theories and modern critiques by Karl Marx (Marx, 1968) offer insights into the commodification of human relations through money, emphasising its role in alienating individuals from their true human nature. Jacques Derrida (Derrida, 1992; 1994; 1996; 1999) expands on the concept of money and value, exploring the philosophical implications of monetary transactions and their role in defining truth and ethics in modern society. Michael Sandel (Sandel, 2012) questions the moral limits of markets, critiquing the modern tendency to value everything in terms of money and market efficiency.

The cultural and societal impacts explored by Marcel Mauss (Mauss, 1989) through his seminal work on the gift, investigate the non-economic forms of exchange and their implications for understanding money's role in cultural practices and social cohesion. Georges Bataille (Bataille, 1985) challenges traditional economic theories with his concept of "general economy," where he discusses the notion of unproductive expenditures and their importance for societal and cultural development. Ernst Cassirer (Cassirer, 1969; 1994) explores the symbolic meanings of money, linking it to broader cultural and philosophical contexts that shape human understanding and interaction. The economic philosophies and ethics discussed by Frederick Neuhouser (Neuhouser, 2010) and Crawford Brough MacPherson (MacPherson, 1972) delve into the implications of possessive individualism and the quest for recognition in shaping modern economic practices and their ethical foundations. Ferdinand de Saussure (Saussure, 2013) provides a linguistic and semiotic

perspective that enriches the understanding of value and exchange, crucial for interpreting economic interactions.

This extensive literature serves as a foundation for this article's exploration of the philosophical dimensions of money, providing historical depth and contemporary relevance. The integration of these diverse theories and discussions allows for a holistic understanding of how money influences and is influenced by ethical, cultural, and social factors. The review underscores the necessity of bridging philosophical insights with practical economic applications, aiming to enrich both theoretical discourse and practical policymaking in financial systems.

Main research results. Since its inception in classical antiquity, philosophy has aligned itself with timeless principles that fundamentally oppose the profane and morally reprehensible concept of money, defining itself through this opposition. For Plato and his successors, truth pertains to that which is beyond price. This tension between money and truth is exemplified in the figure of Socrates, who distinguished himself from the Sophists by accusing them of venality. The Sophists, who taught for monetary gain, were compelled to tailor their teachings to meet customer expectations, focusing not on truth but on skills for political success. Socrates, with his incorruptibility and indifference to wealth, becomes capable of truth. In his "Apology," Socrates asserts, "I think I bring sufficient witness to the truth of what I say: my poverty" (Plato, 1997). His poverty guarantees the truth of his teachings. This narrative continues in the "Crito," where Socrates rejects his students' attempt to free him by bribing the guards, as it would compromise the truth. Liberation through money would have undermined the foundation upon which Socrates could speak the truth.

Plato crafts the foundational myth of philosophy through the story of Socrates, who resists the temptation of money to the point of death. This myth is furthered by the Cynics, who in their quest for autarky reject all material possessions and social battles for recognition. Raymond Geuss notes that the Platonic doctrine of forms employs a rhetorical strategy that ethically elevates Socrates' persona (Geuss, 2008). To depict Socrates – a man primarily engaged in private dialogues – as a figure who dies a 'heroic' death due to his devotion to reason and contemplation, a certain level of artistic structuring of his real life is required. Only when this portrayal of Socrates' death eclipses the deaths of heroes like Patroclus, Ajax, and Hector can the myth transition into reason, allowing Western philosophy to begin to supplant tragedy. This insight reveals how philosophical narratives are not merely historical recountings but are also ideologically shaped to serve broader intellectual and cultural objectives.

The repeated opposition to money, central to moralising Socrates, is echoed in the communism of the guardians in Plato's "Republic" and subsequent efforts to separate the pursuit of truth from economic utility. These narratives conceptualise the relationship between monetary value and the validity of truth as mutually exclusive. In his seminal examination of the ideal of *eudaimonia*, or a flourishing life, Aristotle delineates three types of lives in the first book of his "Nicomachean Ethics": the life of pleasure, the life dedicated to public service, and the life of the philosopher. He regards the hedonistic lifestyle as the lowest, as addiction to pleasure renders one unfree. Similarly, political life, driven by the pursuit of recognition and honour, keeps one dependent on the opinions of others. Only the philosopher achieves true liberation by engaging with eternal, immutable, and divine truths, thereby attaining perfect happiness. Aristotle introduces a fourth type, "the life of the money-maker" (Aristotle, 1995), which he considers fundamentally inferior to a flourishing life compared to the other three. He asserts that money is merely instrumental, a means to other ends. Therefore, pleasure, honour, and truth are ultimate goals because they are valued for their own sake (Aristotle, 1995). Those who pursue money chase a mere means, replacing all possible ends. This pursuit alienates us from pleasure, honour, and truth, reversing the relationship between means and ends. In a world governed by pure means, no true truths can exist; "knowledge and money are not measured by the same standard" (Aristotle, 1995).

Aristotle's disdain for a money-oriented life is evident in his economic theory, which confines economic activity to the management of the *oikos*, or household. According to Aristotle, economic matters related to the household involve agricultural production and direct barter within the

community. He contrasts this natural, community-limited form of economics with the unnatural practice of money-making and usury, termed chrematistics. While economics focuses on immediate barter, chrematistics, the art of profit-making, expands economic activity immeasurably, as those engaged in it “increase their money without limit” (Aristotle, 1995). Aristotle anticipates that money can transcend its role as a mere economic instrument to become the ultimate purpose of economic action, converting all other goods into means for money accumulation and thus leading to their devaluation. This perspective is echoed by Seneca, following Plato and Aristotle, who remarked, “Since we have become mutually buyers and sellers, we no longer inquire into the nature and essence of things, but rather their price” (Seneca, 1932).

Modern philosophy has largely embraced the ancient scepticism towards money, a trend evident from Jean-Jacques Rousseau to Karl Marx and Friedrich Nietzsche. These thinkers consistently critique a tendency identified by Aristotle: money’s propensity to infiltrate all relationships, thereby devaluing all truths and values. Marx epitomises this critique by regarding money as “the universal perversion of individualities,” which reverses their qualities and attributes contradictory properties to them. As a perverting force, money appears antagonistic not only to the individual but also to societal bonds, transforming loyalty into betrayal, love into hate, hate into love, virtue into vice, vice into virtue, the servant into the master, the master into the servant, folly into wisdom, and wisdom into folly. Since money, as the active concept of value, confuses and exchanges all things, it becomes the universal confusion and exchange of all natural and human qualities (Marx, 1968, p. 455).

Surprisingly, Aristotle, one of the earliest and most prominent critics of the monetary economy, was also the first philosopher to appreciate the role of money in social integration. In his “Nicomachean Ethics,” Aristotle not only criticises money but also acknowledges its positive function. He sees it as a paradigm of every kind of mean (*mesotes*) and measure, ultimately serving as a model for virtue and justice. Aristotle defines virtues as maintaining a mean between two extremes to be avoided. He elaborates that justice is about instituting a balance among forms of inequality. Aristotle concedes that without money, a virtuous and just society would be unfeasible. For instance, a community of exchange between two physicians is impractical, but a physician and a farmer, or generally any two dissimilar partners, can form such a community. Between these partners, a balance must be established, and everything exchanged must be comparable. Money has emerged to play this role, acting as an intermediary because everything can be measured against it, including surpluses and deficits, such as how many shoes are equivalent to a house or food items. The difference between a builder and a shoemaker must correspond to the difference between a certain number of shoes and a house. Without this proportional equivalence, neither exchange nor community can exist. This proportional equality is unattainable if the items in question are not comparable (Aristotle, 1995).

Aristotle identified money as an initial medium facilitating equitable relations among diverse goods and labour in a differentiated and specialised society. This interpretation of money as a medium is also central to Georg Simmel’s “The Philosophy of Money.” Simmel’s work, alongside Edmund Husserl’s “Logical Investigations” and Sigmund Freud’s “The Interpretation of Dreams,” is considered one of the three major philosophical works of the turn of the century. The title of Simmel’s work signals an unusual endeavour: philosophy, traditionally concerned with timeless truths, turns its attention to the transient and mundane subject of money. What has been disparaged since Plato as a threat to all claims of validity now emerges as the leading medium of society in Simmel’s analysis. He explores money both as a cause of alienation and reification in social relations within modern societies shaped by the monetary economy and as a medium of social integration. Simmel portrays money as both a condition for the possibility and impossibility of society. For Simmel, money plays a similarly ambivalent and overdetermined role as the need for recognition in Jean-Jacques Rousseau’s social philosophy. According to Rousseau, we become social beings only when we develop a desire to be recognised and affirmed in our individuality. However, this need for recognition is also seen by Rousseau as a fundamental cause of social

inequality and societal dissociation. Similarly, money enables the emergence of modern society for Simmel, while simultaneously threatening its existence.

Simmel does not see his work as opposing classical economics but as complementing it. His goal is to support historical materialism by including economic life in the causes of intellectual culture, recognising economic forms as results of deeper psychological and metaphysical premises (Simmel, 1989a, p. 24). Unlike Marx, Simmel focuses on the subjective significance of economic structures. Originally titled "Psychology of Money," the text addresses economic, psychological, sociological, historical, and aesthetic dimensions of money. Simmel's magnum opus is divided into two parts. The first, analytical part, outlines a structural history of value and money, covering milestones from barter to paper money and the shift from the gold standard to Gross National Product as a measure of monetary value. The second, synthetic part, draws on this history to understand the cultural situation at the turn of the century, particularly the role of the individual in modernity. In the analytical section, Simmel begins with an analysis of values, seeking to understand how value is created through desire: "By desiring what we do not yet have and enjoy, its content confronts us" (Simmel, 1989a, p. 44). This desire must encounter resistance for an object to constitute itself as a value. Simmel discusses the paradoxical nature of desire: it arises from a distance yet presupposes proximity to be felt (Simmel, 1989a, p. 59). Thus, value maintains a balance between being "too close" and "too distant," between accessibility and inaccessibility.

After discussing the aporetic logic of value, Simmel explores value formation in the economic context, viewing it as a medium that not only relates values but also creates them. In the economy, the process unfolds such that the sacrifice or renunciation between a person and the object of their desire is also the object of another's desire: one must forego a possession or enjoyment that another desires to induce the latter to relinquish what they possess, which the former desires. Thus, two processes of value creation intertwine; a value must be invested to gain a value, making it appear as though objects determine each other's value (Simmel, 1989a, p. 42).

Exchange, the primal form of the economy, produces and enhances the values traded in the economic process. Desire is recognised as a thoroughly social magnitude that cannot be reduced to a natural instinct. Human desire always responds to the desires of others, emulating them. It cannot be understood solely from the object of desire or from a natural capacity to desire. The value of an object is not dictated by the object itself but by the values, others assign to other objects. Just as one's desire responds to the desire of another, values inherently refer to other values. For Simmel, deriving values from a being that is itself devoid of value is impossible; economic values are constituted not against a backdrop of production but through exchange processes. He aligns himself with the subjective value theory of the Viennese marginal utility school (Carl Menger, Eugen Böhm von Bawerk, Friedrich von Wieser, Joseph Schumpeter). He posits that "exchange is as productive and value-forming as what is commonly called production" (Simmel, 1989a, p. 52). The essence of exchange is that it increases the total value for both parties involved. Before entering the exchange process, an object has no value. Simmel thus rejects traditional objectivist criteria of value, usefulness, and rarity. Value arises solely from desire, and desire depends on the desires of others, thus on exchange. For desire and value, "the two is older than the one" (Simmel, 1989a, p. 65).

Simmel places his relativism concerning economic values within the broader context of philosophical relationalism, which he sees as the sole appropriate method for deciphering modern societies and as a specific expression of societal modernisation processes. For Simmel, the modes of thought and representation he employs carry a temporal essence. He substantiates his epistemological relationalism not only through economic analyses but also via examinations of law, art, and the conception of language of his time. According to Simmel, economy, law, art, and science are paradigms of social differentiation, a decoupling of various value systems from one another, which in modernity can no longer be related to a common ontological or societal centre. For instance, in law, he suggests that each law owes its validity to other laws: "Each law derives its dignity as such only through its relationship to another law, none possesses it through itself" (Simmel, 1989a, p. 107).

At the turn of the century, language forms an autonomous order, governed by its inherent laws rather than external reasons. Following Lichtenberg, Nietzsche, Mallarmé, and George, Simmel posits that “language composes and thinks for us,” confronting us “like a foreign natural force that not only bends and mutilates our expressions but also our innermost orientations” (Simmel, 1996, p. 392). Simmel’s analysis parallels the closure of money’s circuit with the closure of sign systems. The value of signs derives not from transcendental signifieds or speakers’ intentions but from their relational system with other signs, coinciding with Ferdinand de Saussure’s structural sign theory. In art theory, Simmel concludes that modern art primarily refers to itself and its means of representation. Its relationship to the world emerges as secondary to its self-reference. “Even in what one calls the ‘truth’ of a work of art, the relationship of its elements to one another is likely to be much more significant compared to its relationship to its object than is commonly acknowledged” (Simmel, 1989a, p. 115). Modern art justifies itself internally, no longer serving to embody timeless ideals or imitate nature. In epistemology, Simmel defines “truth” as a “relational concept” (Simmel, 1989a, p. 95). Ideas are true when compatible with other ideas and those of others, proving connectable. Simmel’s epistemological relativism posits that “the constitutive principles, which once expressed the essence of things definitively, are transformed into regulative principles that merely provide viewpoints for progressive understanding” (Simmel, 1989a, p. 96). Truth functions as a regulative ideal at the horizon of the history of science, propelling it forward but never fully attainable: “Relativity is not a diminishing qualification added to an otherwise independent concept of truth, but is the essence of truth itself” (Simmel, 1989a, p. 105).

Simmel’s model of interaction expands from an economic to a sociological principle, exemplified by money as a constellation of relations: “If the economic value of objects resides in the mutual relations they enter into as exchangeable entities, then money is the independent expression of this relationship” (Simmel, 1989a, p. 111). Over its history, money has evolved into the universal medium of dematerialisation, becoming the “bodiless sublimate of the relativity of things” (Simmel, 1989a, p. 113), the “exchangeability abstracted from objects” (Simmel, 1989a, p. 118), and the “substance-become-relativity” (Simmel, 1989a, p. 123). It allows modern humans to compare not only two things but also “the relationships of each pair to every other pair” (Simmel, 1989a, p. 150). In comparing relations, modern humans increasingly abstract from the particular qualities of things, opening significant freedoms but also entangling them in new necessities. The monetary economy confronts modern individuals as a self-sustaining, unmanageable, and opaque system, behind which direct relationships to others and nature threaten to disappear. All “qualities and intensities” (Simmel, 1989a, p. 288) succumb to a “cynicism” (Simmel, 1989a, p. 321) aware of the complete inversion of the means-ends order by money: since everything can be translated into money, everything appears equally worthless to the modern individual. Money serves as a universal medium, setting a precedent for other media like law, art, and language. The mediatisation of all world relations in modernity is initiated by money, making “The Philosophy of Money” the first fully developed media theory of modernity.

Simmel understands the status of money as a medium as the result of a process of virtualisation, meticulously reconstructing its stages. Initially, money had a “substance value” (Simmel, 1989a, p. 171), a material core. Early economic exchanges involved valuable items like furs, metals, and animals, which were both embodiments and signs of value. Gradually, the function of signifying value detached from the value-bearing function of specific objects. Coins, as intermediate signs, still possessed an objectively valuable metallic core but had already begun to detach from the objects they signified. The transition from barter to a monetary economy was completed when metal pieces no longer embodied but abstractly denoted value, transforming the “substance value” of things into the “functional value” (Simmel, 1989a, p. 171) of money, functioning solely as an abstract measuring instrument. Values emerged not from the objects or the money itself but from the empty space between them through the medium of money. Eventually, objects in the medium of money lost their autonomy and substance, transforming into “derivatives of their own derivatives,” representations and shadows of their monetary equivalents (Simmel, 1989a, p. 170). This extreme substancelessness diagnosed by Simmel is surpassed by today’s

cashless economy, evident through the triumph of debit and credit cards and the increasing virtualisation of global financial flows. In the sixth and concluding chapter of “The Philosophy of Money,” Simmel explores the “style of life” (Simmel, 1989a, p. 580) or subjective culture corresponding to the increasing virtualisation of money. As all world relations become monetised, the sequences of means and ends in modernity extend infinitely, eliminating ultimate or highest values and stopping points in economic circulation or conceptual reflection. For Simmel, money is crucially perceived as an end, reducing many things, which inherently serve as ends in themselves, to mere means. Since money itself is the means to everything, it places the contents of existence into a vast teleological context where none is the first and none is the last (Simmel, 1989a, p. 582).

Money devalues all non-economic values, becoming the ultimate value that replaces all others. Simmel perceives the world of self-sustaining monetary flows, freed from any teleology, as infinitely rigid and “crystallised” (Simmel, 1995a, p. 129). This results in a fabric of objective and personal life contents that mirrors the law-governed cosmos in its uninterrupted connectivity and strict causality, held together by the all-pervading monetary value as nature is by the all-enlivening energy (Simmel, 1989a, p. 582). The highly differentiated culture of modernity appears devoid of difference. Beyond a certain point, the scientifically reductive and economically imperative world shifts into a homogeneous continuum, confronting us as a second nature. In the medium of money, everything individual and unique is levelled. The monetary value of things, events, and persons supplements their existence. As money uniformly weighs the diversities of things, expressing all qualitative differences in terms of quantity, it becomes the most formidable leveller, hollowing out the core of things, their individuality, their specific value, their incomparability, irretrievably (Simmel, 1995a, pp. 111-112).

Money not only homogenises all differences but also creates a new, albeit superficial, diversity. The threat of levelling leads to a new cult of individuality and difference, manifesting in phenomena such as fashion and the diversity of artistic styles. The post-historical style pluralism observed by Simmel compels individuals to continuously reinvent their identity, choosing a new habitus. Individuals attempt to compensate for the loss of their cultural place by piecing together a new identity from fashion trends. In this way, the universal validity of money leads to an increasing “atomisation of society” (Simmel, 1989a, p. 595). Simmel is particularly interested in the implications of this development for the possibility of culture. By culture, he understands not merely a collection of cultural goods but a practice of cultivation. Under ideal conditions, the subjective cultural practice of individuals appropriates and transforms the stocks of objective culture. This engagement cultivates both the culture itself and the cultivating subject. Simmel locates culture precisely between the stocks of objective cultural assets and subjective cultural practices. In the overly differentiated modern era, objective culture appears alien to people, who can no longer cultivate it: “The objects that materially fill and surround our lives – tools, means of transport, products of science, technology, art – are immensely cultivated; but the culture of individuals [...] has not advanced in the same proportion, and may even have regressed” (Simmel, 1989a, p. 609).

The spirit objectified in institutions and technologies cannot be reappropriated by individuals. The modern monetary economy inhibits the dialectic between subjective and objective culture. Cultural practice ends where all contours of concrete things dissolve into absolute relationality and mediality. In modernity, objective culture becomes meta-objective. From Simmel’s perspective, European societies are entering a post-cultural stage. It is only from this stage that the possibility of a successful culture seems to emerge. Thus, Simmel should not be understood, as Cassirer believed, as a melancholic thinker yearning for lost cultural substantiality. It is from the crisis of culture that Simmel can outline the concept of a successful cultural practice, albeit in a negativistic way. However, this cultural theory comes at an excessive cost.

Simmel presents his theory as monolithic and self-contained, portraying money as its own cause, dictating the entirety of social and cultural relations, and inhibiting the possibility of agency (or “subjective culture”) and further historical progress. “The Philosophy of Money” thus depicts a post-historical world devoid of freedom and indeterminacy. However, this depiction invites

scepticism. Just as the concept of truth for Plato, Aristotle, and Seneca cannot be translated into money or have a price, so too in modern societies are there phenomena that resist commodification. As more aspects of Western societies are permeated by market mechanisms, it becomes evident what cannot be reduced to the common denominator of money.

In an era where social life is increasingly shaped by the imperative of profit maximisation, philosophers and cultural theorists seek new standards to critique the economy. A potential realm beyond complete economisation is the concept of the gift. Unlike exchange and monetary economies, where something is given to receive something in return, a true gift, as discussed by Marcel Mauss, Jacques Derrida, and Marcel Hénaff, does not demand payment or reciprocation. Instead, the gift is given unreservedly, releasing us from potential debt.

The modern renaissance of the concept of the gift began with French ethnologist Marcel Mauss. In his essay “The Gift: Forms and Functions of Exchange in Archaic Societies” (1925), he explores the gift exchange known as the “*potlatch*” among the Northwest Coast Native Americans. Characteristic of the potlatch (a term from the Chinook that translates to “gift”) is the ritual destruction of wealth (blankets, copper plates, canoes, and even houses) at feasts to which neighbouring tribes are invited. Instead of exchanging gifts, the parties destroy potential gifts. Mauss interprets this destruction as an attempt to avoid the appearance of expecting payment or reciprocation, embodying the idea of a gift that is not reciprocated. Mauss’s interest in the gift extends beyond ethnology to critique contemporary practices. The potlatch offers a subversive view of 20th-century Western economies. While the potlatch aims for mutual debt cancellation, Western monetary economies often use gifts as instruments of deliberate indebtedness and subjugation. Mauss highlights that the pursuit of profit and utility transforms Western individuals into mere “economic animals” (Mauss, 1989, p. 124). However, Mauss clarifies that the concept of the gift is not exclusive to pre-modern or non-European societies but is also present in contemporary Europe. He challenges the idea of excluding the concept of the gift from one’s own society and assigning it to ‘the Others’ as untenable (Hahn, 2015, p. 24).

Mauss’s exploration of the non-European gift is driven by socio-philosophical and ethical considerations. From his perspective, “in giving, one gives oneself, and one gives oneself because one owes oneself – oneself and one’s possessions – to others” (Mauss, 1989, p. 82). This statement marks a significant departure from modern possessive individualism (MacPherson, 1972), which asserts that individuals owe nothing to others. In contrast, Mauss embraces the older, natural law view that we are always oriented towards others and receive ourselves from others. The paradigm of the gift breaks with the primacy of self-preservation and the first-person perspective.

For Marcel Mauss, the potlatch offers a subversive lens through which to view the economies of modern Western societies. While the ultimate purpose of this ritual exchange is mutual debt cancellation, any gift within Western economies tends to be an instrument for intentional indebtedness and subjugation of the recipients. In the opening lines of his essay, Mauss references a motto from the *Hávamál* – a section of the Edda – which states that “a gift always looks for recompense” (Mauss, 1989, p. 23). This highlights an antinomy at the heart of the gift: “In Scandinavian and many other cultures, exchanges and contracts take the form of gifts that are theoretically voluntary but must in reality always be given and reciprocated.” Thus, the gift oscillates between freedom and necessity; theoretically, it is given freely and bestows freedom on its recipients by allowing them to decide whether to respond or not. However, in reality, the gift is always a response to another gift, compelled and elicited by that initial gift. This necessity is transferred to its recipients, who are compelled to pass on what they have received. This passing on initiates a cycle that delays the return, crucially preventing the exchange from devolving into a mere transaction of *do ut des* (a principle of Roman law: “I give so that you give”).

Mauss emphasises the antinomic structure of the gift, trapped between economy and anökonomie. Following Georges Bataille (1985), the concept of “*Anökonomie*” or “general economy” contrasts with traditional economic science, which emphasises capital accumulation and productive resource utilisation. Bataille’s anökonomie celebrates practices akin to gift-giving that involve “wastefulness” and “unproductive expenditure,” seen as forms of sovereign existence no

longer bound by self-preservation and utility. Out of all the potential aspects of the gift – including its religious, legal, moral, economic, aesthetic, and morphological dimensions – Mauss closely examines the ostensibly voluntary, seemingly selfless and spontaneous, yet compelled and self-interested character of these transactions (Mauss, 1989, p. 24). This antinomy of freedom and necessity structures all further dimensions of the gift. It is pervasive, and nothing escapes it. However, it does not lead to paralysis but opens up the possibilities and dynamics of the social realm itself. Marcel Mauss describes the forms of gift exchange in Pacific societies as “total social phenomena,” where “all kinds of institutions find expression at once and in one fell swoop” (Mauss, 1989, p. 23). Unlike Georg Simmel’s media logic of money, which totalises the social field, these phenomena inscribe freedom into necessities and ethics into economies. For Mauss, the total social fact of gift exchange arises from the antinomy of giving: “The obligation to give is the essence of the potlatch” (Mauss, 1989, p. 82). This obligation contrasts with the rationale of self-preservation and accumulation in modern Western societies, which has sealed itself into a negative totality.

Jacques Derrida has perhaps given the most nuanced expression to the thought of the gift following Mauss in texts such as “Given Time: I. Counterfeit Money” (1992), “The Gift of Death” (1996), “On the ‘Priceless’, or The Price is Right in the Transaction” (1999), and “Specters of Marx” (1994). In “Given Time: I. Counterfeit Money,” Derrida emphasises that every gift is paradoxically composed. Initially, it refers to a familiar economic relation: the giver (Alter) gives something to the receiver (Ego); both parties must be aware of the gift, and their giving and taking is intentional. To know about the gift also means to know its value, to economise it. The gift remains within the economy tied to the possibility of a counter-gift, to the rationality of *do ut des* (“I give so that you give”) and thus to the logic of money. According to Derrida, we are always already engaged in an economic, libidinous, and semiotic economy of gifts, in a monetary cycle of giving and receiving. Every word is aimed at a response; every thought signifies and interprets another thought; the value of an item is measured against the values others attribute to other items.

As much as the gift cannot be conceived without the reciprocity of a counter-gift and thus without money, it also does not conform to economic circulation. A gift is truly meant only if it does not demand a response. Wherever a gift carries the implicit demand for a counter-gift, it forfeits its specific unreservedness. It then serves merely as a token in an instrumental calculus and participates in an economy of self-preservation. The “pure” gift occurs without intention, support, or knowledge. It remains without measure, limit, or assignable origin. Arriving wholly at the other, dissipating without residue, it becomes invisible and inaudible. It “forgets” itself in its own enactment and exists only by irreversibly erasing its traces. The performative act of giving annuls any possible propositional meaning, any economic value of the given.

Torn between the demands of an economy and an anökonomie, Derrida’s concept of the gift takes on significant ethical importance. By not allowing for a counter-gift, the gift releases the recipient from economic debt; by giving (itself), it forgives past narratives and allows recipients to start anew. Similar to Hegel’s recognition in the “Phenomenology of Spirit,” Derrida’s gift releases the other into their unfathomable otherness. He critiques contemporary Western economies as strategies of violent indebtedness, beginning from the freedom the gift grants. In an economic order, the gift ensnares recipients, obligates them to repay, and imposes rules, creating an unethical space. In “Specters of Marx,” Derrida particularly problematises “interest, and especially capital interest, which in today’s world order, that is, in the order of the global market, holds a large part of humanity under its yoke and in a new form of slavery” (Derrida, 1996, p. 142). Derrida’s critique could extend to the economies of communication and argumentation, against the “giving and demanding of reasons,” and the “discursive accounting” central to contemporary ethics and theories of rationality. The ethical perspective for Derrida opens only in a collapse of all reasons. Before we can demand reasons from the other, we must have already granted them, in the sense of a radically understood principle of charity, a credit that cannot be reclaimed. The economies of exchange and communication are opened by an anökonomie gift, which Derrida simultaneously understands as the condition of both the possibility and impossibility of any economy.

The “pure,” anökonomik gift Derrida speaks of may never truly exist; it is always already permeated by economy. Yet, it confronts us as a practical claim. The rationality of exchange in the economy and the anökonomie of the gift stand in a complex hierarchy of mutual presupposition and subversion. Derrida does not simply criticise exchange from the standpoint of the gift. He does not usurp a place of pure forgiveness and pure justice. Rather, the gift outlines an impossibility upon which nothing, not even a critique of capitalism, can be founded. It represents an opening or incompleteness of the economic, an inadequacy of all economies to themselves. Derrida’s invectives can be read as a critique of an economy in both the subjective and objective genitive senses, a critique that any critique must largely follow since an exterior to the economy can never be simply stabilised. Conversely, the gift also stands for the impossibility of totalising the monetary economy that, from Simmel’s perspective, penetrates and redefines all aspects of life. In this sense, the gift reminds us of all phenomena and areas of life that, like the truth of ancient philosophers, have no price and resist commodification. Critical social philosophy should remain vigilant for these phenomena and not hastily paint a picture of universal and irreversible monetisation of our world relations.

The aforementioned postulates enable us to leverage the economic and philosophical contributions for the conceptualisation of the global currency and financial system. The transformation of money from a tangible medium of exchange to a complex abstraction underpins the evolution of global financial systems. Philosophical reflections on this transformation reveal the deep-seated impacts of money on human values and societal structures. The shift from barter to a monetary economy, and subsequently to digital and virtual currencies, reflects an ongoing process of abstraction that has profound implications for how value is perceived and exchanged. Simmel’s exploration of the stages of virtualisation in the history of money – from commodity money to fiat and digital currencies – illustrates how each stage introduces new dynamics into economic and social life. This process of virtualisation has led to the current state where money functions almost entirely as an abstract measure, detached from any intrinsic value. The implications of this detachment are far-reaching, influencing everything from individual consumer behaviour to global financial stability.

The cultural and social roles of money, as examined by philosophers like Marcel Mauss and Jacques Derrida, further enrich our understanding of its foundational place in the international monetary system. Mauss’s concept of the gift and Derrida’s exploration of the ethical dimensions of giving provide alternative viewpoints to the purely economic understanding of money. These perspectives highlight the importance of considering non-economic forms of exchange and their implications for social cohesion and cultural practices. Money’s role in facilitating social integration is also evident in its function as a universal medium. Aristotle’s recognition of money as a necessary instrument for achieving justice and balance in a diverse society aligns with the modern view of money as a tool for fostering economic stability and cooperation among nations. However, the ethical and cultural dimensions of this integration must not be overlooked. Ensuring that financial systems promote not just economic efficiency, but also ethical and cultural integrity is essential for their sustainable development.

Nevertheless, money, in its various forms and functions, extends far beyond its role as a medium of exchange or a store of value. It serves as a significant source of power within both national and international contexts, influencing global monetary and financial systems and shaping geopolitical dynamics. Money’s ability to facilitate economic activity grants it immense power. Nations with substantial financial resources can exert considerable influence over global markets and economies. This influence is evident in the ability of wealthy countries to dictate terms of trade, influence commodity prices, and impact global financial stability. For instance, the economic policies of major economies such as the United States or China can have profound effects on global markets, demonstrating how financial power translates into broader economic influence. The dominance of certain currencies, particularly the US dollar, exemplifies this power. The dollar’s status as the world’s primary reserve currency allows the United States to exert significant control over international financial transactions and institutions. This monetary dominance provides the US

with economic leverage, enabling it to impose sanctions, influence international lending practices, and maintain a vital role in global economic governance.

Money's role as a source of power extends into the political realm, where it serves as a crucial tool for geopolitical strategy. Financial resources enable states to project power through various means, including military spending, foreign aid, and economic sanctions. Countries with substantial monetary reserves can fund extensive military capabilities, thereby enhancing their geopolitical influence and deterrence capacities. Foreign aid and financial assistance programs also illustrate how money is used to achieve political objectives. Through aid, donor countries can exert influence over recipient nations, promoting their own political and economic agendas. This dynamic is particularly evident in the strategies of major powers such as the United States and China, which use financial aid to strengthen alliances, support friendly regimes, and expand their spheres of influence. Economic sanctions represent another powerful tool, leveraging the financial system to achieve political goals. By restricting access to financial markets and resources, sanctions can exert substantial pressure on target countries, compelling them to alter their policies or behaviours. The effectiveness of sanctions underscores the centrality of financial power in contemporary geopolitical strategy. At an institutional level, money facilitates control over key global financial institutions and governance structures. Institutions such as the International Monetary Fund, the World Bank, and the Bank for International Settlements play pivotal roles in shaping global financial policies and practices. The influence of wealthy nations within these institutions, often proportional to their financial contributions, allows them to steer international financial governance and regulatory frameworks. The ability to set the rules of the global financial system confers significant power. By influencing regulatory standards, monetary policies, and financial stability measures, dominant financial powers can shape the global economic environment to their advantage. This institutional power ensures that the interests of wealthy nations are prioritised, often at the expense of less financially powerful countries.

Beyond its direct economic and political impacts, money also functions as a source of soft power, influencing cultural and societal norms. The global proliferation of certain economic models, consumer behaviours, and lifestyle choices can be traced back to financial power. Wealthy nations, through their economic dominance, export their cultural values and norms, shaping global consumer culture and societal expectations. This cultural influence is reinforced by the global reach of major financial hubs such as New York, London, and Tokyo. These cities not only serve as centres of economic activity but also as cultural trendsetters, disseminating ideas, practices, and innovations worldwide. The soft power of money thus complements its economic and political dimensions, contributing to a comprehensive form of influence that permeates various aspects of global life.

Conclusions. The philosophy of money offers a crucial lens for understanding the conceptual structure of the international monetary and financial system. Through philosophical examination, money is revealed as a complex construct that influences societal structures, cultural dynamics, and individual psychology, extending beyond its role as an economic tool. Ethical dimensions of money, explored by philosophers like Aristotle and Georg Simmel, highlight its dual nature as both a facilitator of social cohesion and a potential source of moral degradation. Aristotle's critique of money as merely instrumental and his view of the life of the money-maker as inferior underscore the ethical challenges inherent in a money-centric existence. This perspective is vital in understanding the ethical foundations – or the lack thereof – in contemporary economic practices, where the pursuit of wealth often overshadows considerations of moral and societal well-being. Simmel's analysis further extends this discourse by examining how money transforms social relations. His notion of money as both a cause of alienation and a medium of social integration provides a nuanced view of its role in modern societies. While money enables diverse and complex social interactions, it also abstracts and depersonalises these interactions, leading to a form of social alienation. This duality is crucial for understanding how financial systems can simultaneously bind and fragment societies.

Simmel's philosophical relationalism, which views values and social relations as inherently interdependent, offers a compelling framework for analysing modern financial systems. His assertion that economic values are constituted through exchange rather than production aligns with the subjective value theory of the Viennese marginal utility school. This perspective is critical for understanding the operation of contemporary financial markets, where value is often determined by complex networks of transactions rather than the intrinsic worth of goods and services. In the context of international monetary systems, this relational approach elucidates the interconnectedness of global economies. Financial markets and monetary policies are deeply interwoven, with changes in one system invariably affecting others.

The philosophical discourse on money provides valuable insights for developing a more ethical framework for contemporary financial systems. By revisiting the ethical critiques and social theories of classical and modern philosophers, foundational principles can be identified to guide the evolution of these systems. This includes recognising the intrinsic limitations of money as a measure of value and advocating for a broader, more holistic approach to economic and social policy. Incorporating philosophical insights into practical economic applications can help bridge the gap between theoretical discourse and policymaking. This approach aims to create financial systems that not only drive economic growth but also enhance social well-being and ethical integrity. By fostering a deeper consideration of how money shapes and is shaped by human values and societal structures, we can work towards a more just and sustainable global financial order.

Therefore, the philosophy of money, with its rich historical and theoretical foundations, offers a comprehensive framework for understanding the international monetary and financial system. By integrating philosophical insights into ethical dimensions, societal implications, and the transformative nature of money, a more nuanced and holistic approach to financial systems can be developed. This foundational framework can guide the ethical evolution of monetary policies and practices, ensuring they serve not only economic goals but also the broader aims of human flourishing and societal well-being. The multifaceted nature of money as a source of power underscores its leading role in shaping the global monetary and financial system. Through economic dominance, geopolitical strategy, institutional control, and cultural influence, money enables nations to project power and achieve their objectives on the international stage. Understanding the dynamics of financial power is essential for comprehending the complexities of global governance and the interactions between economic and political forces. By recognising the profound influence of money, we can better appreciate the intricacies of contemporary international relations and the underlying structures that govern global financial systems.

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УДК 339.9+338

ПРОВІДНІ РИЗИКИ ГЕОПОЛІТИКИ І ГЕОЕКОНОМІКИ ДЛЯ БІЗНЕС-АКТИВНОСТІ В УКРАЇНІ ПІД ЧАС ВІЙНИ

LEADING RISKS OF GEOPOLITICA AND GEOECONOMICS FOR BUSINESS ACTIVITY IN UKRAINE DURING THE WAR

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Abstract. *The article analyzes the current leading risks of geopolitics and geo-economics for business activity in Ukraine. Research has shown that domestic business activity largely depends on the level of intensity and success of military operations in the east and south of Ukraine, in the protection of infrastructure, and the rapid restructuring of the economy for military needs. In addition, the risks lie in the NBU's low-incentive financial and investment policy; inconsistency on military-technical assistance; failure of sanctions measures against the aggressor country; political uncertainty in many countries that actively support Ukraine in the war against the aggressor. There is also global defragmentation, as well as the emergence of new conflict zones in the world, which significantly reduces the growth rate of the global economy and trade, and complicate financial and investment processes in the world. All this requires Ukraine to strengthen its leadership, flexibility, prompt response to challenges and the formation of its own strategic vision for solving problems both at the international level, with regional cooperation and with internal mobilization of resources. This approach determines the strengthening and intellectualization of foreign policy institutions of Ukraine with the formation of optimal strategies, the selection of appropriate available external and internal resources in countering existing geopolitical and geo-economic risks.*

Key words: *global economy, geopolitics, geoeconomics, risks of geopolitics and geoeconomics, international economic relations during the war.*

Анотація. *В статті проаналізовано сучасні провідні ризики геополітики і геоekonomіки для бізнес-активності в Україні. Дослідження показали, що вітчизняна бізнес-активність в значній мірі залежить від рівня інтенсивності й успішності ведення військових дій на сході і півдні України, в захисті інфраструктури, оперативній перебудові економіки під військові потреби. Крім того, ризики полягають в низькостимулюючій фінансово-інвестиційній політиці НБУ; неузгодженості щодо військово-технічної допомоги; неспроможності санкційних заходів до країни-агресора; політичній невизначеності в багатьох країнах, які активно підтримують Україну в війні проти агресора. Відзначається й глобальна дефрагментованість і поява нових зон конфлікту в світі, що суттєво знижують темпи зростання світової економіки і торгівлі, пригнічують фінансово-інвестиційні процеси в світі. Все це вимагає від України посилення свого лідерства, гнучкості, оперативного реагування на виклики та формування власного стратегічного*

бачення вирішення проблем як на міжнародному рівні, при регіональному співробітництві й при внутрішній мобілізації ресурсів. Такий підхід обумовлює посилення та інтелектуалізацію зовнішньополітичних інституцій України з формуванням оптимальних стратегій, підбором відповідних наявних зовнішніх і внутрішніх ресурсів у протидії існуючим геополітичним та гео економічним ризикам.

Ключові слова: глобальна економіка, геополітика, гео економіка, ризики геополітики і гео економіки, міжнародні економічні відносини під час війни.

Introduction. The challenges of a protracted war on the territory of our state against Russia significantly affect business activity, both in Ukraine and in the world. Since February 2022, significant geopolitical and geoeconomic risks have emerged for Ukraine as a state and its socio-economic sphere. Conducting research in the field of generalization and systematization of indicators of business activity in Ukraine during this period should determine the features of the transformation of the domestic economy under the influence of military operations, find out the necessary tools and mechanisms for improving the business environment and adapting to the realities of the martial law. It is also necessary to formulate proposals for the gradual restoration of economic processes in Ukraine while reducing the risks for business activity in our state. Therefore, research in this area is relevant and necessary for a more rapid restoration of the socio-economic sphere of Ukraine in wartime conditions and during post-war reconstruction.

Literature review. Scientific achievements and developments to improve business activity, develop the economy during the war and identify the leading risks of geopolitics and geoeconomics were carried out by a number of foreign and domestic economists: D. Adjemoglu, I. Ansoff, M. Beleskov, T. Bogdan, A. Borzenko, M. Wegesh, V. Geets, T. Utka, F. List, E. Ludendorff, J. Robinson, N. Rubini, V. Sidenko, J. Stiglitz, A. Filipenko, L. Friedman, A. Shamshur and others. Their works and scientific achievements are a suitable basis for further author's analysis and development of this topic.

Previously unresolved parts of the overall problem are the dynamic changes in the modern Ukrainian economy during the war, requiring research and understanding of the needs for intensifying business activity based on a sustainable and strategically oriented approach that contributes to the systemic socio-economic development of Ukraine in the war and post-war periods, taking into account the existing geopolitical and geo-economic risks.

The purpose of the article is to analyze the state of the Ukrainian economy, identify the leading risks of geopolitics and geo-economics for business activity in Ukraine during the war and formulate proposals for improving existing mechanisms for activating the domestic business environment.

Main Results of the Research. Unlike 2022, during which there was a significant decline in the Ukrainian economy, in 2023 Ukraine's real GDP grew, according to various estimates, by 5-5.5%. It can be characterized as slight renewed growth after a precipitous decline of 29.5-28.8% in 2022. Despite this partial recovery, Ukraine's GDP is still about a quarter less than in 2021. In the first quarter of 2023, GDP also continued to decline, but for the remaining three quarters, it grew. In January-February 2024, Ukrainian GDP growth continued and is estimated at 3.6%. According to the Minister of Economy of Ukraine, the recovery growth in 2023 - early 2024 was facilitated by investment demand, favorable weather conditions for construction work, agricultural exports, the work of the Ukrainian sea corridor, the expansion of production capacity in the mining industry and stability in the energy sector. However, the insignificant and unstable pace of recovery indicates a fragile situation in the domestic economy, which requires further measures to revitalize the business environment. In addition, macroeconomic and fiscal stability in Ukraine was facilitated by international assistance from the EU countries, the USA, Great Britain, Japan, Canada and other friendly countries of the world. Ukraine as a whole received international assistance amounting to almost 170 billion euros. This is a total amount containing both purely military support (40% of the total) and financial assistance, which is half of the funding. The remaining about 10% is the humanitarian component (Source: Official website of the State Statistics Service of Ukraine, 2024;

In January-February 2024, the growth of Ukrainian GDP is estimated at the level of 3.6%. Internet publication "Economic Truth". March 17, 2024; Sources of financing of the general fund of the state budget, 2024).

The partial economic recovery in 2023 was facilitated by the transparent, flexible and measured activity of the NBU, which kept the rate fixed at 36.6 UAH to the US dollar for most of the year, and the gap with the cash rate gradually decreased. On October 3, 2023, the NBU switched to the regime of managed flexibility, but thanks to significant amounts of currency interventions, the hryvnia even strengthened a little. In December 2023, the trend changed, so the exchange rate of the US dollar began to rise, and in 2024, Ukraine entered with an exchange rate of 38 UAH/USD. However, the average annual official exchange rate was lower than both governmental and non-governmental forecasts, remaining at the level of 36.6 hryvnias per US dollar. In addition, from March 15, 2024, the NBU reduced the discount rate by 0.5% to 14.5%. Further slowing of inflation, preservation of a stable situation on the foreign exchange market, as well as positive developments in the matter of receiving foreign aid allowed the cycle of interest policy easing to resume. In February 2014, inflation slowed to 4.3% annually.

The profitability of bank deposits and OVHZ continued to exceed the inflationary expectations of businesses and citizens. This, along with ensuring a controlled situation on the foreign exchange market, contributed to maintaining the interest of economic agents in savings in the national currency. In particular, the investments of Ukrainians in bonds of the domestic government loan increased, and deposits of the population with a term of three months grew steadily. Gradual growth of incomes of Ukrainians and increased business expenses in war conditions will fuel inflationary pressure. At the same time, the fixation of individual housing and utility tariffs and the NBU's monetary policy aimed at maintaining the attractiveness of hryvnia assets and exchange rate stability will further limit the growth of consumer prices.

The key risk for inflationary dynamics and economic development remains the course of a full-scale war. Unfortunately, the risk of Russia's protracted aggression against Ukraine remains. A protracted war will slow down economic recovery and complicate the NBU's task of keeping inflation at around 5% for 2024-2026. The following risks remain relevant:

- the emergence of additional budget needs to maintain defense capability or cover significant quasi-fiscal deficits, in particular, in the energy sector;
- essential damage to the infrastructure, primarily the port infrastructure, that will limit exports;
- continuation of the partial blocking of borders with some EU countries for cargo transportation, which will limit exports and make imports more expensive;
- deepening of negative migration trends (Official website of the National Bank of Ukraine, 2024).

In our opinion, the current NBU discount rate and yield rates on domestic government bonds are still at too high a level. In order to improve business activity in Ukraine, it is necessary to gradually and systematically reduce them so that lending resumes and contributes to business structures not on a point-by-point basis (state programs: "5%-7%-9%", "eEmployment"), but on a large scale and on a market basis, with the possibility choose convenient credit programs from banking structures. In addition, foreign currency lending to exporters has been suspended since the beginning of the war (there is a ban on the return of foreign currency loans), which significantly complicates their quick recovery. The formation of a full-fledged investment and credit market on a healthy competitive basis is the leading task of improving business activity in Ukraine.

We note that Ukrainian business in the last 20 years has been largely export-oriented (its share was 35-50% of GDP), therefore, since the beginning of the war, medium and large exporting companies from Ukraine, as well as domestic TNCs, have lost significantly from the blockade and violations of well-established logistics routes. Thus, in 2023, Ukraine exported goods worth only 36 billion dollars. USA, and imported - by 63.5 billion dollars. USA. The imbalance between export and import is increasing. At the same time, the export of goods in 2023 is already decreasing for the second time: in 2021, the export of goods from Ukraine reached 68.2 billion dollars. USA, in 2022

– 44.2 billion dollars. USA. The key categories of Ukraine's commodity exports are food (mainly grain and vegetable oil) and metals, which depend significantly on the ease of logistics. In 2023, Ukraine created its own Ukrainian sea corridor to the Black Sea ports of the Odesa region after Russia stopped fulfilling its agreements under the Grain Agreement. This made it possible to gradually increase not only the export of grain, but also resume the sea export of other goods, as well as resume the sea import. However, in 2023, Ukraine also began to suffer from the Polish blockade of the land border, which reduced Ukrainian exports and tax revenues to the budget from the import of goods. Chairman of the Committee of the Verkhovna Rada of Ukraine on Finance, Tax and Customs Policy, D. Hetmantsev, said that according to his calculations, the losses of the Ukrainian budget from the month of the blockade of the Polish border amount to 7.7 billion hryvnias (Neuter R., 2024).

Food is the largest category of Ukrainian merchandise exports in 2023 (\$21.8 billion); metals (\$3.9 billion); machinery (\$2.9 billion); other exports (\$7.4 billion). In 2022, the decline in the metallurgy industry was actually three-quarters – 73%. Of all the industries, metallurgy suffered the most (two of the largest metallurgical plants in Ukraine were completely destroyed: “Azovstal” and “Ilyich MMK”; the seaport of Mariupol was destroyed and blocked); but still metallurgy works. There is even an increase in production and an increase in exports. Obviously, this cannot be compared with 2021, but already from 2022 to 2023, export growth will be around 10% (Samoiluk M., Levchenko E., 2024; The branch of the economy most affected by the war was named, 2024).

The innovative and intellectual share of Ukraine's exports is the export of IT services, which accounts for 4% of GDP. This is slightly less than the figures for 2022 - 4.6%, but more than 2021 - 2.7%. At the end of 2023, there are 2,150 operating IT companies and 2,600 startups in Ukraine. The number of IT segments physically decreased by 3.1%, but the number of taxes paid from the IT industry increased by 11.5% (The share of IT industry exports in the GDP of Ukraine is 4%. Internet edition "Mirror of the Week", 2024). There is a gradual loss of positions in this area of activity and its limited influence on the structural renewal and restructuring of the Ukrainian economy, which remains largely monopolized, resource-oriented and low-productive.

In the modern world, mainly, enterprises in the innovative and processing sector are the basis for increasing the well-being and GDP of the country, but in Ukraine, according to the Ministry of Economy, the indicator of the processing sector is only 8% as of 2022-2023, the OECD standard for developed countries is 20%.

In addition, in the context of the functioning of the domestic business environment, it is necessary to understand that Ukrainians spend more than 66% of their family budget on food and utility bills, which is 2.5 times more than the world average. As a Deloitte study showed, Ukraine is the only country among the countries studied where spending on this category exceeds 50%. The war led to a significant increase in prices for food and essential goods, which led to a drop in the purchasing power of Ukrainians (Pavlovskiy A., 2024).

In combination, the raw material structure of domestic exports (as a result, the low purchasing power of Ukrainians), the emigration of a significant number of the population and logistics restrictions, blockades, and destroyed large production facilities significantly suppress business activity in Ukraine; especially in those regions where enterprises are under fire, were occupied, were city-forming enterprises and now cannot fully function. In addition, the presence of imbalances in the banking system, when it has significant profits thanks to NBU certificates of deposit in 2023 (above 2022 and 2021) with a significant decrease in actual lending in the country. For comparison, in 2022, due to a decrease in demand for loans and banking services in general, as well as due to the revaluation of their assets due to hostilities and occupation, banking profits decreased compared to 2021. The stock market of Ukraine is also almost invalid and is not functionally aimed at developing business activity in our state. In addition, some of the active entrepreneurs in Ukraine went abroad and moved their enterprises there. All of these factors significantly affect business activity in Ukraine and require a quick response to these challenges and corrections.

In our opinion, a full-scale war on the territory of our state is the main risk for business activity in Ukraine; therefore, the analysis of the risks of geopolitics and geo-economics of the external environment in the world is decisive. The most powerful democratic states in the world (EU countries, USA, Japan, Canada, Australia, etc.) are on the side of Ukraine in the war with Russia. Therefore, to ensure peace, security and justice in the world, the following measures are relevant:

- 1) prompt and full-fledged provision of military assistance to Ukraine;
- 2) a full-scale launch of military-technical cooperation and weapons production both among NATO countries and joint enterprises with Ukraine;
- 3) strengthening sanctions and restrictions for the aggressor country;
- 4) prolongation of financial assistance to the budget of Ukraine;
- 5) continuation of duty-free trade with EU countries, USA, UK;
- 6) receiving systemic grant, humanitarian and infrastructure assistance;
- 7) transfer of seized assets from Russia to Ukraine for war crimes and destruction.

Let us note that these measures need to be implemented quickly and efficiently, but in most countries of Western Europe and the United States, political elections to legislative and executive authorities are being held in 2024, a certain vacuum of political will and strategy for measures to counter the aggressor in the international arena has formed. In addition, the activation of populist, far left and far right political forces, fueled and scaled very often at the expense of Russian money, significantly destabilizes political processes and directs them against Ukraine, or leads to destructive and too late decisions, which is unacceptable in conditions of a full-scale war. in Europe (Filipenko A., 2008; Vegesh M., 2020).

The United States is not only the most powerful economy in the world, but also a powerful military-industrial complex and the most powerful army in the world, so Ukraine, first of all, expects leadership from the United States in the matter of protecting Ukraine and certain obvious actions in countering the aggressor. At the same time, the political election crisis in the US House of Representatives blocked aid to Ukraine from November 2023 to April 20, 2024, so the capabilities of the Ukrainian army and security forces were greatly affected by the suspension of US military-technical and financial support. The domestic economy felt this impact less, as other European countries, Japan, Great Britain, and Canada joined in to provide financial and economic support to Ukraine. But the key assistance at the moment is still military-technical assistance, which essentially remains blocked and may only be restored to a sufficient level in May-June 2024.

The specificity of supplies is that in 2023, from 68 billion dollars. USA 90% of American military aid to Ukraine remained in the USA. These funds financed 117 production lines in 31 states. Ukraine's allies want to leave money to their producers. Recently, NATO presented the first ever defense industry strategy, according to which EU member countries should get rid of their dependence on purchases from third countries and prioritize contracting their own manufacturers. This geopolitical factor should also be taken into account by Ukraine in its struggle for existence and in its further integration into the EU and NATO countries.

Unfortunately, Ukraine's internal capabilities for the production of military-technical products are significantly limited. Thus, experts have calculated that about \$9 billion is missing to fully utilize domestic arms factories by 2024. USA. The problem of uncontracted capacity of domestic enterprises can be solved in three ways: mobilize even more money within the state, attract financing from Western partners, or open arms exports. Unfortunately, Western partners are trying to localize their military-industrial complex enterprises, and in the state budget of Ukraine for 2022-2024. there was and remains a significant deficit (2022 - 919 billion UAH /62%/; 2023 - 1.370 trillion UAH /82.5%/), which will be covered by loans and grants from North Atlantic partners, that is, our own money for purchases Military-technical products are catastrophically insufficient.

Since 2022, the Ministry of Defense has purchased 350 thousand units of ammunition from the European Union alone. As of March 2024, in the face of declining Western support, even more of them need to be purchased. According to Prime Minister Denis Shmygal, the state can spend only 50% of the funds allocated for the purchase of equipment on contracting domestic

manufacturers. In 2023, Ukrainian factories produced weapons worth \$3 billion. USA, and in 2024 their capabilities will increase by six, that is, to 18 billion dollars. USA. According to the Minister for Strategic Industries of Ukraine, the state can only contract half of them. Therefore, 9 billion dollars. The United States does not have the ability to finance Ukraine's budget. It is also necessary to take into account that the necessary supply of individual components for the production of weapons can last for months. If a conditional UAV manufacturer signs a contract in May and orders components on the same day, then it will begin assembling drones in August at best and will not be able to produce many of them by the end of the year. And the state rarely practices so-called "transitional" contracts, which allow receiving orders for years in advance. The damage from downtime falls on the shoulders of the companies themselves. They make it difficult to plan, invest and finance new developments. Production for export in such conditions will ease the situation in the domestic military-industrial complex and allow companies to operate more profitably, systematically and predictably. In addition, there is an opportunity to improve the structure of Ukrainian exports, making it more technologically advanced and innovative. At the same time, the opening of exports should be balanced. It is necessary to clearly define the rules of trade that satisfy the conditions of war, and the state must develop a control procedure. Exports must be allowed under three conditions: I – if we are talking about weapons that are not purchased by the state; II – if we are talking about exports to friendly countries, so that weapons do not end up in Russia; III – if the enterprise has excess production capacity that the state cannot contract (Myroshnychenko B., 2024).

The above-mentioned challenges and indicators reflect significant geopolitical and geo-economic risks for Ukraine in the event of a cessation or disruption in the financing of the Ukrainian state budget and the supply of weapons. With the complexity of the security component, the socio-economic sphere of Ukraine will also quickly feel significant crisis phenomena: inflation, unemployment, increased migration flows, disruption of logistics routes, closure of business structures, worsening crime situation, increase in the shadow economy, etc. However, the chaos and crisis in Ukraine will also mean significant strategically significant negative consequences for the EU countries. In this regard, geopolitically and geoeconomically, it is necessary to strengthen the partnership between Ukraine and the EU countries, applying and disseminating appropriate international cooperation mechanisms that would lead to the lifting of the blockade on the border between Ukraine and some EU countries (Poland, Slovakia), despite political processes, as well as strengthening the security component of countering Russian information, intelligence and sabotage activities on the territory of NATO and EU countries, opening joint ventures in the military-industrial complex, etc.

In addition to the above challenges, there are other global risks of geopolitics and geoeconomics in 2024:

- crisis and division in the United States due to the presidential elections and the possibility of instability in the world if Donald Trump wins;
- attempts to divide Ukraine and force it to surrender its territories;
- expansion of hostilities in the Middle East;
- rogue states Russia, North Korea and Iran will enhance each other's capabilities and act in increasingly coordinated and destructive ways on the global stage;
- strengthening of disintegration processes in EU countries;
- China's economy will not recover;
- intensifying struggle between countries for mineral resources;
- artificial intelligence getting out of control;
- increased global inflation starting in 2021;
- extreme weather events that will lead to food insecurity, increase water shortages, disrupt logistics, spread disease and contribute to global migration and political instability;
- uncertainty and increased losses for companies and corporations around the world (Tarasovsky Yu., 2024).

Political, environmental and economic challenges in the modern globalized world will intensify, which will provoke a number of other conflicts of varying degrees. In this regard, strategic strengthening of military-technical cooperation is useful for both Europe and Ukraine. The formation of a new military-innovative and processing domestic economy, which will be significantly integrated into the system of European security and value chains, will allow us to emerge from the state of a raw material-agrarian oligarchic economy. In addition, for a more balanced and competitive development of the Ukrainian economy, intellectualization of the business sector, as well as improving the quality of the domestic workforce, it is necessary to contribute to the formation of a new type of cluster economy at the national, regional and municipal levels. To do this, at the state level it is necessary to provide conditions and incentives for the synergy of various business structures, educational institutions and innovation centers, and also provide the opportunity to create a single platform for effective innovation and production activities and information and communication cooperation (Sidenko V.R., 2024.; Redziuk Y.V., 2023).

Conclusions. The listed risks of geopolitics and geo-economics take into account a wide range of political, national, financial-economic, environmental, scientific and technical aspects of the functioning of modern civilization. The versatility and nature of existing risks in the world, as well as the low efficiency of interstate and supranational institutions make it difficult to organize their counteraction. In our opinion, Ukraine in such conditions needs to show its leadership, flexibility, efficiency and strategic vision for solving problems both at the international level and through regional cooperation. This determines the strengthening and intellectualization of Ukraine's foreign policy institutions, as well as the formation of optimal strategies to counter the corresponding geopolitical and geo-economic risks. Therefore, the attention of international allied partners should be focused on the quantitative, qualitative and temporal boundaries of assistance; coordinate and manage this process, harmonize, scale and insure it as far as possible. Ukraine and its Western partners must prepare for a long and debilitating war. In the geopolitical aspect, it is necessary to strengthen Ukraine's military and security capabilities so that Russia has no illusions about winning the war. For this purpose, the doctrine of asymmetrical war should also be formed and introduced - when the enemy's aggressive action is used by many times more powerful smart solutions (for example, to strike a Ukrainian thermal power plant, cut off power to the entire central russia or put half of the enemy's oil refineries out of action). In the geo-economic aspect, a structural restructuring of the Ukrainian economy is necessary on a military-innovative basis, which will be integrated into the industrial complex of Western countries. In addition, it would be appropriate for a faster recovery of Ukraine's economy to return to transparent grant forms of financing Ukraine and provide it with technical rather than credit forms of assistance. The systemic development of the domestic military-industrial complex with a more favorable monetary policy of the NBU is also important. Taken together, all these measures, together with the introduction of a responsible strategically oriented policy for the development of the domestic socio-economic environment, will give confidence and systemic movement, both at the international level and internally, will strengthen Ukraine, thereby accelerating our Victory (Shamshur A., 2024; Beleskov M. 2024; Friedman L., 2023).

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УДК 331.5:658.512:004

INNOVATIVE TECHNOLOGICAL SOLUTIONS AND THEIR IMPACT ON THE GLOBAL LABOUR MARKET

ІННОВАЦІЙНІ ТЕХНОЛОГІЧНІ РІШЕННЯ І ЇХ ВПЛИВ НА ГЛОБАЛЬНИЙ РИНОК РОБОЧОЇ СИЛИ

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***Abstract.** At the present stage, the labour market is significantly influenced by the development of technologies, in particular, artificial intelligence. The article analyses current developments in the field of artificial intelligence and their impact on the global labour market. According to Goldman Sachs, global GDP is expected to increase by 7% and labour productivity by 1.5 percentage points over the next decade. Analysts predict that changes in workflows caused by artificial intelligence could affect 300 million jobs worldwide. It is emphasised that historical analysis shows that jobs lost due to automation were compensated by the creation of new ones. It is emphasised that the knowledge and ability to work with artificial intelligence significantly increase the competitiveness of employees in the labour market, which is reflected in higher material motivation. According to the CEPR, specialists with AI skills can earn 8-17% more than the average in the labour market. It is emphasised that the introduction of new technologies requires the adaptation of jobs and the development of new professions, which will contribute to long-term growth and productivity. The proposed strategies for employee adaptation include professional reorientation, continuous training and flexibility. It is reserched that it is important for enterprises to invest in innovation, retraining and flexible organisational structures to remain competitive in the face of rapid changes in the labour market. Further research will include an analysis of state policy in the labour market under the influence of artificial intelligence.*

***Keywords:** innovative technologies; automation; artificial intelligence; adaptation; labour market.*

Анотація. Ринок праці на сучасному етапі перебуває під значним впливом розвитку технологій, зокрема, штучного інтелекту. Стаття аналізує сучасні зрушення у сфері штучного інтелекту та їх впливу на глобальний ринок праці. За даними Goldman Sachs, збільшення глобального ВВП на 7% і підвищення продуктивності праці на 1,5 процентних пункти протягом наступного десятиріччя. Аналітики прогнозують, що зміни у робочих процесах, спричинені штучним інтелектом, можуть вплинути на 300 млн робочих місць у всьому світі. Акцентовано, що історичний аналіз свідчить, що робочі місця, втрачені через автоматизацію, компенсувалися створенням нових. Наголошено, що знання та вміння працювати зі штучним інтелектом значно підвищують конкурентоспроможність працівників на ринку праці, що відображається у вищій матеріальній мотивації. За даними CEPR, фахівці з навичками роботи зі штучним інтелектом можуть отримувати на 8-17% більше, ніж в середньому на ринку праці. Акцентовано, що впровадження нових технологій потребує адаптації робочих місць та розвитку нових професій, що сприятиме довгостроковому зростанню та підвищенню продуктивності праці. Запропоновані стратегії адаптації працівників включають професійну переорієнтацію, постійне навчання та гнучкість. Досліджено, що підприємствам важливо інвестувати в інновації, перепідготовку персоналу

та впроваджувати гнучкі організаційні структури для збереження конкурентоспроможності в умовах швидких змін на ринку праці. Подальші дослідження включатимуть аналіз державної політики на ринку праці під впливом розвитку штучного інтелекту.

Ключові слова: *інноваційні технології; автоматизація; штучний інтелект; адаптація; ринок праці.*

Introduction. The modern world is under the influence of rapid technological development, which has a significant impact on all sectors of the global economy, including the labour market. Innovative technologies, such as artificial intelligence, are changing traditional forms of employment and requiring new skills and competences from workers. On the one hand, these technological changes contribute to increased productivity and economic growth, but on the other hand, they pose challenges for the workforce, including the risk of rising unemployment and income inequality. The introduction of innovative solutions in various sectors of the economy not only optimises production processes but also changes the structure of labour demand. New professions are emerging that require high qualifications and technical knowledge, while traditional jobs may disappear or change. In this context, it is important to investigate how technological innovations affect the labour market, what positive and negative effects they have, and what strategies can be implemented to minimise the negative effects and maximise the positive effects. Accordingly, it is important to analyse the impact of innovative technological solutions on the global labour market, assess their economic consequences and identify key areas of adaptation to new conditions.

Literature review. Numerous works by Ukrainian and foreign scholars have been devoted to the impact of modern technologies on the dynamics of the labour market. Corrocher N. et al. (*Corrocher N. et al., 2023*) study the relationship between innovation and the labour market. The authors analyse how technological changes affect employment, the structure of professions and wages. The study emphasises the importance of innovation for economic growth, but notes that it can also lead to increased inequality in the labour market. The main challenges identified by the authors relate to the adaptation of workers to new conditions and the need to upgrade skills to remain competitive in the labour market.

Acemoglu D., Lelarge C., Restrepo P. (*Acemoglu D., Lelarge C., Restrepo P., 2020*) analyse the impact of automation on business in France. The study shows that enterprises that actively implement robotics have significant advantages in labour productivity. However, this also leads to job losses, especially among low-skilled workers. The authors emphasise the need to develop policies that would facilitate retraining and support workers at risk of unemployment due to automation.

Another paper by Acemoglu D., Restrepo P. (*Acemoglu D., Restrepo P., 2018*) analyses the long-term effects of technological progress on economic growth and employment. The authors note that technology can increase the overall welfare of society, but its distribution can be uneven. It is noted that technological changes lead to changes in the demand for different types of labour, in particular, the demand for highly skilled workers is growing, while the demand for low-skilled labour is decreasing. This highlights the importance of investing in education and training to adapt the workforce to new conditions.

Aghion P. et al. (*Aghion P. et al., 2020*) examine the effects of automation on labour markets. The paper emphasises that automation leads to an increase in labour productivity, which can contribute to lower product prices. At the same time, automation can have an ambiguous impact on employment: on the one hand, it can reduce the demand for labour in certain sectors, and on the other hand, it can create new jobs in other sectors. Depending on the skill level of workers, automation can have either a positive or negative impact on wages.

Agrawal A. et al. (*Agrawal A. et al., 2019*) focuses on the diversity of consequences of the introduction of artificial intelligence into the labour market, in particular in the context of automated forecasting. The paper shows that automation can improve labour productivity at an

enterprise, on the other hand, it can lead to job losses. The study draws attention to the need to adapt the workforce to new market conditions, in particular through retraining and upskilling.

Aksoy C., Özcan B., Philipp J. (*Aksoy C., Özcan B., Philipp J., 2021*) study the impact of robotics on the gender wage gap in Europe. The authors analyse how the introduction of robotics affects the employment and remuneration of women compared to men. It is noted that automation in this context has an ambiguous impact: on the one hand, it can reduce the wage gap by increasing productivity and reducing monotonous tasks, on the other hand, it can deepen inequality due to the greater likelihood of robots replacing jobs held by women.

Barbieri L. et al. (*Barbieri L., Piva M., Vivarelli M., 2019*) investigate the impact of investments in R&D and technological change on employment in Italy. The results of the analysis indicate that innovation and technological change contribute to employment growth, especially in the high-tech sector. The authors emphasise the importance of supporting R&D to stimulate economic growth and create new jobs.

Barth E. et al. (*Barth E. et al., 2020*) study the impact of robotisation on wage inequality within an enterprise. The authors found that the introduction of robots in production processes leads to an increase in wage inequality within the enterprise. This is because automation increases the productivity and wages of highly skilled workers, while reducing the need for low-skilled labour, which leads to a decrease in their wages or the reduction of these jobs.

Chuvarinsky V. (*Chuvardynskyi V., 2017*) studies the issues of innovative development of the labour market in Ukraine, analyses the risks and opportunities that arise in this context. The author notes that the innovative processes taking place in the economy have a significant impact on the labour market, contributing to the creation of new jobs and professions. At the same time, there is a growing need to adapt the workforce to new working conditions and master new skills. The paper draws attention to the risks associated with automation and digitalisation, which may lead to an increase in unemployment among unskilled workers.

Kolot A., Herasymenko O. (*Kolot A., Herasymenko O., 2018*) examine the latest global trends in employment and income and their impact on social inequality. The authors emphasise that technological progress, globalisation and changes in labour organisation cause significant changes in the structure of employment and income levels. It is emphasised that these changes can increase social inequality, as not all groups of the population are equally ready for change and can adapt to new conditions. The authors analyse possible ways to overcome social inequality through education, professional development and the creation of new employment opportunities.

Obelets T. (*Obelets T., 2020*) studies the current trends in the labour market transformation, which are influenced by globalisation and technological changes. The author emphasises that the labour market is undergoing significant changes due to the development of digital technologies, automation of production and changes in the requirements for employee qualifications. It is noted that these changes lead to a decrease in demand for traditional professions and an increase in the need for specialists with a high level of digital and technological literacy. In addition, the challenges associated with the adaptation of employees to new working conditions and the need for reforms in the education system to train qualified personnel are considered.

The identified body of work analyses in depth the impact of modern technologies on the labour market. However, in this context, insufficient attention is paid to the issue of adaptation to these changes by key stakeholder groups, namely employees and enterprises, which requires more detailed study.

The purpose of the article is to analyse the impact of modern innovative technologies on the global labour market and to highlight strategies for adapting to these changes.

Main results of the research. The current development of artificial intelligence technology has the potential to cause significant changes in the global economy, as evidenced by a study by Goldman Sachs (*Goldman Sachs, 2024*); through the introduction of tools that use data processing methods based on artificial intelligence, it is possible to achieve an increase in global GDP by 7%

(or almost USD 7 trillion) and increase labour productivity by 1.5 percentage points over the next decade. Despite considerable uncertainty about the potential of generative artificial intelligence, its ability to create content indistinguishable from that created by humans and to overcome barriers to human-machine interaction has significant potential with possible large-scale macroeconomic implications. Goldman Sachs analysts [Goldman Sachs, 2024] note that these technologies could lead to changes in work processes that would affect the equivalent of 300 million jobs worldwide.

A study by Goldman Sachs (*Goldman Sachs, 2024*) shows that about 65% of professions in the US are subject to some degree of automation through artificial intelligence. For those professions that are subject to automation, between a quarter and half of the work performed by humans can be replaced by machines. However, not all of this automated work will lead to a reduction in employment. Analysts note that most jobs and industries will be subject to only partial automation, which makes them more likely to be complemented rather than replaced by artificial intelligence.

Historical analysis shows that jobs lost to automation have been compensated for by the creation of new jobs in other industries. The emergence of new occupations following technological innovation is the main driver of long-term employment growth. For example, information technology has led to the emergence of professions such as web designers, software developers and digital marketing specialists. Furthermore, the growth in disposable income that accompanies job creation is driving demand for workers in service sectors such as healthcare, education, consulting, and more. In particular, 60% of today's workers are employed in occupations that did not exist in 1940; this indicates that more than 85% of employment growth over the past 80 years is attributable to the creation of new jobs caused by technological change (*Goldman Sachs, 2024*).

It is worth noting that AI skills help to strengthen an employee's position in the labour market, which is reflected in higher financial motivation. The demand for specialists with the relevant skills is growing rapidly. This is causing significant changes in the labour market, including in the level of remuneration. One of the important metrics reflecting this trend is the premium for AI skills that employers are willing to offer to specialists. Data from the CEPR study (*CEPR, 2024*), shown in Fig. 1, illustrates the assessment of the premium for AI skills in various areas:

- *Administrative services*: this sector shows the highest premium for AI skills, which is about +17% of the average salary. This may be due to the high demand for automation of routine tasks and increased efficiency of administrative staff;
- *Information services*: the premium to material motivation in this sector is about +12%. The high demand for specialists with knowledge of artificial intelligence is explained by the need to develop and maintain information systems that incorporate elements of artificial intelligence;
- *Finance*: the premium in this sector is approximately +11%. The financial sector is actively implementing artificial intelligence to analyse data, manage risks and improve forecast accuracy;
- *Manufacturing*: the premium in this sector is about +9%. AI is used to optimise production processes, supply chain management and quality control;
- *Professional services*: the premium in this area is about +8%. The use of AI in professional services includes legal advice, audits, and other intellectual tasks.

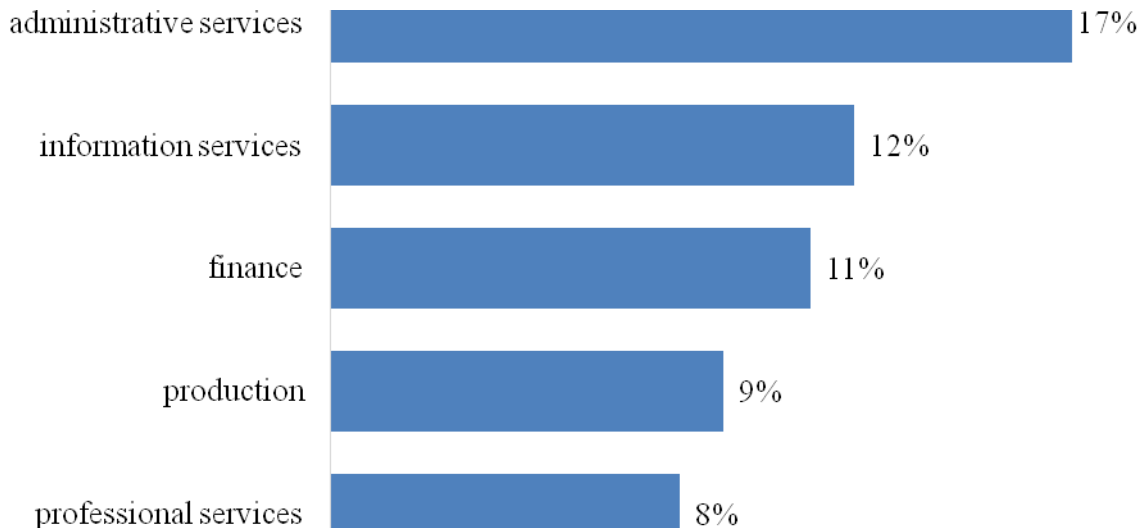


Figure 1. The level of premium to the financial motivation of a specialist for skills in artificial intelligence, %.

Source: based on CEPR research (CEPR, 2024).

While there is considerable uncertainty about how artificial intelligence will actually affect the global economy and society, there are already signs of a significant impact. The introduction of new technologies will require the adaptation of jobs and the development of new professions, which will contribute to long-term growth and productivity.

Let us highlight the key adaptation strategies in this context. Adaptation strategies for employees and businesses are important for maintaining competitiveness in the face of rapid changes in the labour market and technological progress. One of the main approaches for employees is professional reorientation, which includes advanced training and new knowledge. This allows them to remain in demand and competitive in the labour market. A modern employee must be prepared for continuous lifelong learning, which includes both formal training in the form of courses and workshops, and informal learning through self-education and practical experience. Flexibility and the ability to adapt to change are also key characteristics, including the willingness to change jobs, learn new professions and technologies. For businesses, innovation is critical. Investing in innovations and new technologies helps to increase labour productivity, which is essential in an increasingly competitive environment. It is important for businesses to invest in staff retraining, which not only improves the skills of employees but also increases their loyalty. Flexible organisational structures allow businesses to adapt more quickly to changes in the market. This may include decentralisation of management, the use of project teams and flexible working arrangements, which can help to increase the organisation's responsiveness and adaptability. This analysis is summarised in Table 1.

Table 1

Strategies for adapting employees and businesses to the impact of artificial intelligence

Areas of influence	Comments.
Employee adaptation strategies	
Professional reorientation	One of the main approaches to adaptation for employees is professional reorientation. Improving skills and gaining new knowledge helps employees remain competitive in the labour market.

Continuous training	A modern employee must be prepared for continuous learning throughout his or her life. This includes both formal learning in the form of courses and trainings, as well as informal learning through self-education and practical experience.
Flexibility and adaptability	Employees must be flexible and ready to adapt to change. This includes the willingness to change jobs, learn new professions and technologies.
Adaptation strategies for enterprises	
Innovative development	It is important for businesses to invest in innovation and new technologies. This allows them to increase productivity and efficiency, which is critical in an increasingly competitive environment.
Staff retraining	Businesses should invest in retraining their staff. This not only improves the skills of employees, but also increases their loyalty to the company.
Flexible organisational structures	Flexible organisational structures allow for faster adaptation to market changes. This may include decentralising management, using project teams and introducing flexible working hours.

Source: author's analysis.

Accordingly, as part of adapting to changes in the labour market due to the impact of artificial intelligence technology, it is important for employees to reorient their professional lives by improving their skills and acquiring new knowledge. This allows them to remain competitive in the labour market and find new career opportunities. It is important to identify which professional skills are most in demand and focus on developing them. Continuous learning should become an integral part of professional life. Employees should draw up an individual learning plan that includes both attending courses and learning new knowledge independently through online platforms. Flexibility and adaptability are key qualities for a modern employee. Attending workshops and trainings aimed at developing adaptability, as well as considering working in different positions to gain diverse experience, will help to improve these skills. It is important for businesses to invest in innovation and new technologies to increase productivity and efficiency. Conducting an audit of current technologies and processes, identifying areas for improvement, and developing a plan for introducing new technologies will help achieve this goal. Staff retraining is another important aspect for businesses. Developing retraining and professional development programmes for different levels of staff, providing access to training resources and motivating employees to participate in these programmes will help to improve their skills and loyalty to the company. The introduction of flexible organisational structures will allow companies to adapt more quickly to changes in the market. Decentralising management, creating project teams for specific tasks, and introducing flexible working hours will help to increase productivity and employee satisfaction. These measures will help both employees and businesses to effectively adapt to the changes caused by the introduction of artificial intelligence and remain competitive in a volatile environment.

Conclusions. In summary, the analysis of current developments in the field of artificial intelligence indicates a significant potential of these technologies to influence the global economy and labour market. According to Goldman Sachs, the introduction of tools that use advanced natural language processing methods could lead to a 7% increase in global GDP and a 1.5% increase in labour productivity over the next decade. While there is considerable uncertainty about the potential of artificial intelligence, its ability to create content indistinguishable from human-made content and break down barriers to communication between humans and machines is a significant advance with potentially large-scale micro and macro implications. Goldman Sachs analysts estimate that changes in workflows caused by artificial intelligence could affect the equivalent of 300 million jobs. Historical analysis shows that jobs lost due to automation were compensated by the creation of new ones. The growth in disposable income that accompanies the creation of new jobs contributes to an increase in demand for workers in the service sector.

The ability to work with artificial intelligence significantly increases the competitiveness of employees in the labour market, which is reflected in higher financial motivation. The demand for AI specialists is growing rapidly, leading to significant changes in the labour market, including in the level of remuneration. CEPR's data on the premium for AI skills in various industries indicates that specialists can earn 8-17% more than the average in the labour market.

The introduction of new technologies requires the adaptation of jobs and the development of new professions, which will contribute to long-term growth and productivity. Employee adaptation strategies include professional reorientation, continuous training and flexibility. It is important for businesses to invest in innovation, retraining and flexible organisational structures to remain competitive in the face of rapid changes in the labour market.

Prospects for further research include the formation of a state policy on the impact of artificial intelligence on the current and future state of the labour market.

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**АКТУАЛЬНІ ПРОБЛЕМИ
МІЖНАРОДНИХ ВІДНОСИН**

Збірник наукових праць

ВИПУСК 159

Заснований в 1996 році.
Established in 1996

Засновник : Інститут міжнародних відносин
Київського національного університету імені Тараса Шевченка.
Founder: Educational and Scientific Institute of International Relations,
Taras Shevchenko National University of Kyiv

Свідоцтво про державну реєстрацію: К1 №292 від 05.11.1998 р.
Certificate of state registration as a scientific journal: K1 №292 від 05.11.1998 р.

Перереєстрація у 2020 році.

**Засновник: Київський національний університет імені Тараса Шевченка.
Certificate for state registration prolonged in 2020.**

Свідоцтво про державну реєстрацію: серія КВ №24308-14148ПР від 13.02.2020 р.

Науковий редактор: **Дорошко М. С.**, доктор історичних наук, професор.
Scientific editor: **Mykola S. Doroshko**, Dr. of Sc., professor

Рекомендовано до друку Вченою радою Навчально-наукового інституту міжнародних відносин Київського національного університету імені Тараса Шевченка.

Протокол № 14 від 24 червня 2024 року.

Approved for print by the Scientific Council of Educational and Scientific Institute of International Relations, Taras Shevchenko National University of Kyiv

Protocol № 14 (24 of June, 2024)

Підписано до друку 27.06.2024 року.
Наклад 100 примірників

Навчально-науковий інститут міжнародних відносин
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