

## REGIONAL ASPECTS OF UTILIZING ECONOMIC DIPLOMACY AIMED AT GRADUAL REDUCTION OF ECONOMIC THREATS

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**Introduction.** Expert community gradually admits the importance of assessing threats, however, economic security found different interpretations and preceptions worldwide. According to the analysis of research by some scientists, economic security is an ambiguous definition [Šimašius, 2005, 249-266]. The economic security of the state is considered as aspects that relate to the economic security of the majority of citizens of the state, and not individuals or their relatively small groups. There is a broader definition of economic security, according to which economic security is a priority element of modern national security, which can arise in any modern society due to the security of energy, transport, communications, army, food, etc., which cannot exist outside the national economy [Tamošiūnienė, 2015, 596 – 610]. Thus, economic security should be divided into two parts according to the approaches: individual and macroeconomic [Kremer-Matyskevic et al., 2019, 78-93]. The approach of individual economic security defines a person's economic security as stable if income and other sources are provided to maintain the standard of living in the present and near future, that is: constant solvency, predictable cash flow, efficient use of human capital [Kortunov, 2018]. The better the indicators of economic security, the more a person or household is protected from negative environmental factors - labor, health, loss of survivors, problems with purchasing power, the more they can count on - quality rest, comfortable living conditions, health insurance, increase in retirement fund. It is noteworthy that some experts analyze the sources of funding, the quality of life and the competitiveness of women of working age in the United States in the labor market, so the understanding of their economic security is greatly simplified and focuses on a person's ability to take care of himself / herself [Morris et al., 2013]

**Scientific novelty.** In our study we substantiate the need to develop and implement a targeted policy of economic diplomacy aimed at reducing and eliminating threats to economic security. The object of the research is the state and assessment of internal, regional and global threats and their impact on the economic growth of the newly independent states. Based on the main goal, we set the task of identifying various goals in foreign economic relations developed by the post-Soviet countries, as well as various approaches and goals in their regional integration. In this regard, the article analyzes global uncertainty and other risks, global trends and events affecting economic security.

Particular emphasis is placed on analyzing the prospects for the transition from a unipolar to a multipolar world, in which it is possible to combine national and global interests. In this regard, the impact of local, regional and global threats is considered from the point of view of common obstacles to the economic growth of post-Soviet countries. As practical recommendations, specific priorities of economic threats for their elimination and maintenance of economic security with the help of economic diplomacy are presented.

**Methodology.** In our study, we used statistical series, analyzed quantitative and qualitative indicators, such as GDP, GDP per capita, competitiveness, and others with the help of which the probability of converting risks into threats is determined by the method of determining threshold values by S.Yu. Glazev [Glazyev, 1997, 3-19]. Also, a method has been developed to classify the impact of local, regional and global threats on economic growth. In our study, the method of comparative analysis is widely used, in particular, the economic indicators of individual countries of the post-Soviet space. In turn, the method of comparative analysis allows us to identify some economic patterns that lead to a deterioration in quality indicators and their transformation into threats to economic security. Finally, methods to determine and study global uncertainties are of particular attention [Methodology, 2009].

**Analysis.** Economic trends and risks are also studied to compare the levels of vulnerability of states and find common points in national and global interests. To make our point more clear, we have examined the state of economic security in post-Soviet territory and discovered that economic diplomacy is rarely used to reduce existing risks and threats. As an important format for combining the efforts to fight threats EAEU and the project of the Greater Eurasian Partnership is mentioned in addition to other opportunities to better use economic diplomacy.

For a more realistic understanding of the different approaches and tasks of regional integration of the post-Soviet countries, one should not lose sight of the fact that created in the same 1997. with the union state of Russia - Belarus, the pronounced anti-Russian organization GUAM, which is now camouflaged in the Organization for Democracy and Economic Development, unites precisely those countries that, with rare exceptions, share the same interests and destinies: Georgia, Ukraine, Azerbaijan, Moldova (headquarters - Kiev, Ukraine).

Regional integration issues were also on the national agenda of the post-Soviet states. It is noteworthy that large global players could not ignore these trends, first of all, to build their strategic plans. Over time, some countries, given their geographic location, preferred an integrational orientation towards the West. And since this period coincided with new trends in Western Europe, in particular, with the signing and the beginning of

the implementation of the Maastricht Agreement [Treaty, 1992], the independent post-Soviet countries also did not bypass the possibility of European integration. And some countries - Moldova, Georgia, Ukraine made a special emphasis on the formation of appropriate prerequisites for future cooperation. In subsequent years, with the formation in 1995. World Trade Organization (WTO) on the basis of acting since 1948. Of the General Agreement on Tariffs and Trade, the new independent countries, one after another, began to apply for membership in this international organization following membership in the International Monetary Fund and the World Bank.

There is also one important feature of the participation of post-Soviet countries in regional integration. This is, first of all, the nature and content of the reforms after gaining independence. The slowness of 'shock therapy' had a significant impact on political and economic transformations. After a while, it became clear that there was a shock, but there was no expected therapy, while Chinese gradualism, for example, allowed a more balanced approach to the tools and methods of reforms, as well as to possible partners in regional integration. It is these features that can explain the desire of the new states to be present at once in different groupings and formats of regional integration. After all three Baltic countries - Estonia, Latvia and Lithuania left the Union earlier than others, the leaders of all the other 12 countries gathered in 1991 at the initiative of Russia. in Belarus and decided to form the Union of Independent States - CIS [CIS, 1991]. In the same year, a regional bloc called the Black Sea Economic Community (BSEC) was established at the initiative of Turkey. Common is the aspiration of both countries to form a regional organization and to influence the newly independent countries. However, there are much more features and differences. First of all, in the CIS, there are countries that have a certain experience of working together, are familiar with the goods and services of other countries, have left the single market, are comparable to the levels of socio-economic development, etc. As for the BSEC, this includes not only the post-Soviet countries, but also the countries of the European Union with absolutely incomparable levels of socio-economic development, including poverty and other indicators of threats to economic security. Moreover, the "formal" nature of the BSEC is also that some countries have no connection with the Black Sea. Finally, there are many countries that do not have diplomatic relations at all. An important role in regional disintegration is played by an organization with pronounced anti-Russian sentiments - GUAM (Georgia, Ukraine, Azerbaijan and Moldova).

In these conditions, the EAEU was born, within the framework of which attempts to coordinate and synchronize the national interests of the participating countries and with the goals and objectives of the Union do not cease. However, regional trends are significantly negatively affected not only by global uncertainty in general, but also by a variety of threats to economic security.

The experience of integration initiatives and processes in the post-Soviet space confirms the idea that in the years of independence these countries have and acquired more features than commonality and harmony for coordinating efforts within the framework of regional integration. Thus, effective, comprehensive and deep regional integration implies such structural components as the integration of political, economic and expert elites of countries participating in the integration processes, as well as structural factors, the creation or production of goods and services that have regional demand, the integration of structural factors, national markets, farms, primary and secondary institutions, investment integration, etc.

To measure economic uncertainty, an index of three types of main components is usually compiled. One component quantifies newspaper coverage of economic uncertainty associated with politics. The second component reflects the number of provisions of the tax code that will expire in the future. The third component uses discord among economic forecasters as an indicator of uncertainty.

Other risks include structural cracks, exacerbated by the crisis, which threaten to make the recovery highly uneven [Risks, 2021].

The expert opinion agrees that different standards in international economic relations, and sometimes their inconsistencies, cause great damage. The economic shock-wave of the pandemic is a significant risk, not to mention the unprecedented health consequences. Threats to information security, information technology protection, as well as social problems have become aggravated in the world. Public health gaps, digital inequalities, educational inequalities and unemployment can undermine social cohesion. The deterioration of the social condition of women should be especially emphasized. Today, many working women are practically not sure what to expect tomorrow [Women, 2019]. There is also social fragmentation in society. Many citizens now know what kind of power political leaders can have when challenged and how a new political wave will turn out for society. During the period of pandemic, one should not forget about environmental threats: if humanity finds the keys to new diseases, then there is still no vaccine against environmental degradation.

The pandemic is also challenging the status quo and traditional thinking across all industries, but recognizing some of the trends mentioned above and taking timely action will help individuals and businesses gain an edge in the transforming post-Soviet space. An important role in this will also be played by the currently formed single pharmaceutical market of the EAEU, as well as growing ties with partner countries in the transforming world, which has a gradual tendency towards multipolarity.

There is clearly a deeper transformation in the global economic structure that has shaped anti-globalization narratives in industrialized countries that have spawned multi-

lateral agencies and the principles of multilateralism that drive globalization. Many countries also pioneered new technologies that propelled globalization forward and benefit most from it.

In this new geopolitics of new globalization, both post-Soviet and other countries and their companies will have to determine their own destiny. In particular, the old models of trade-based economic development, which were the historical model for developing countries, will have to be revisited. Digital technologies are changing the economies and business models of global companies; India, as a leader in information technology, will have to use it to its advantage. For example, trade in digital services is the fastest growing segment of global trade, even as merchandise trade stagnates. Could India, with its strengths in services and the big push for digitalization, become a digital services leader in the 21st century, with China as a manufacturing leader in the 20th century? Indian companies will have to rethink their global strategies. They will have to localize their operations and contribute to the development of the countries they belong to as they continue to globalize. The strategy of using low-cost operations outside India will be under pressure. They must recognize and cope with the uncertainty and turbulence inherent in this geopolitical transition and build more sustainable business models [Bhattacharya, 2018]. Ordinary citizens and decision makers should realize that globalization may hurt some groups and benefit the others, even when the players change over the time .

Thus, the world economy is going through difficult times of transformation, which only have a certain impact on the economic growth of post-Soviet countries, but also generate serious risks that eventually turn into threats to economic development. Therefore, it is necessary to deeply study, analyze and assess these threats, as well as develop appropriate strategies where the national interests of individual farms can be synchronized with regional interests or the interests of regional integration entities based on global tasks and interests.

Despite some isolation and lack of coordination of economic policies of individual countries, especially within the EAEU, many factors are turning into general threats to economic security. These are, first of all, such phenomena as: an increase in the volume of external debt, growing inequality between external debt and available foreign exchange reserves, low level of competitiveness of national economies, growth of the state budget deficit, "brain drain", population aging, etc.

Evidently, even clearly identifying common threats is not enough to eliminate them. There is a need for coordination of strategies and policies of the post-Soviet countries, as well as the development of conceptual provisions, a choice of approaches, effective tools and exchange of experience. In this process, it is difficult to overestimate the role of economic diplomacy and its more advanced methods.

Economic diplomacy, in our opinion, is designed to serve the progress of the country, ensuring its economic security and competitiveness. It is possible to analyze the processes of ensuring both economic security and increasing competitiveness in order to clarify the role and mission of economic diplomacy in them. In its most general sense, it is the level or ability of the state to reduce or eliminate existing threats. At the same time, in this case, there is a certain misunderstanding, both among the general public and among some experts. Some phenomena without a professional approach and assessment are classified as threats. For example, when it comes to public debt, many people rush to describe it as a threat. First of all, it is not only the size of the debt that is important, but also the efficiency of its management and servicing, which, in turn, becomes the goal of economic diplomacy. In our opinion, public debt management cannot be viewed in isolation from other economic phenomena. They are in close contact with each other, even by mutual agreement. Therefore, it is advisable to consider all the main economic indicators, more or less related to the questions posed. In particular, it is necessary to discuss the problems of institutional management of public debt, turn to indicators characterizing public debt, analyze the dynamically changing public debt market, as well as the effectiveness of debt consolidation and repayment mechanisms.

It is often difficult to assess the magnitude of the emergence of public debt as an economic threat. Therefore, the study of public debt management should be based on such a powerful concept as the size of the increase in public debt. In this sense, there is a more or less acceptable opinion among economists that it is not so much a matter of the absolute amount of public debt, but of its ratio to gross domestic product (GDP). On the contrary, there are many interpretations of what the debt-to-GDP ratio should be, beyond which it could become an economic threat.

**Discussion.** We believe that current research varies from other studies that concentrate on theoretical aspects of economic security and economic diplomacy exposing some of the historical underpinnings of the trade-conflict-cooperation link. The influence of globalisation and its implications for economic diplomacy and commercial policy are discussed as new players in the global game affect the game's rules [30] examining the issue of energy security or social security as special cases. This article is also different from our own findings, where economic threats are only some part of targets in economic diplomacy, attempting to establish a bridge from theory to real life [Manaseryan, 2017, 6-14]. Our analysis is focused on practical tools of reducing threats and tends to design keys for both local and regional levels economic security.

The results of our study are aimed at disclosing common threats to regional development and growth are studied, followed by justifying the need to design a common approach on how required level of economic security might be reached and maintained with joint efforts of regional allies. We use a systemic approach to prove our hypothesis,

particularly examining the case of post-soviet countries with their various goals in foreign economic relations and different approaches and goals of regional integration. This, in turn, is viewed as another threat by itself. In addition to local and regional factors, global uncertainty and other global risks are also analyzed with a careful consideration of global trends and events affecting economic security, as well as the national and global interests. Our hypothesis is also justified through keen examination of common nature of threats to the economic growth of post-Soviet countries. Since many threats have common nature, joint efforts are needed to design efficient tools for coordinated economic diplomacy for reducing and eliminating economic threats. Furthermore, EAEU format is presented as a proper framework to fight economic threats by utilizing the arsenal of economic diplomacy.

**Conclusion.** Thus, we have justified the need to develop and implement a targeted policy of economic diplomacy to fight economic threats, as well as assessed the environment and conditions where possible risks turn into local, regional and global threats. Also, our research team had identified various goals in foreign economic relations and different approaches and goals in regional integration of mentioned nations. In order to introduce the significance of foreign environment, uncertainty and other global risks and trends is disclosed with an emphasis of a long transition from a unipolar to a multipolar world. Contemporary tools and methods of economic diplomacy are outlined for utilizing them in a Greater Eurasian Partnership. Today the economic diplomacy of the post-Soviet countries should be aimed at ensuring not only political, but also economic security in the region, in particular, paying attention to common threats and opportunities for joint efforts to ensure energy, food, environmental and other forms of regional security. The geopolitical position of the region will be better used, in particular, to strengthen the strategic positions of the post-Soviet countries, especially with the Western countries, as well as to obtain foreign policy dividends in the context of the dynamic development of world economic ties.

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### **Tatul Manaseryan**

#### **Regional aspects of utilizing economic diplomacy aimed at gradual reduction of economic threats**

*Key words: economic diplomacy, economic security, regional integration, competitiveness, economic threats*

We agree with a point that it is critical that companies ensure the high standards of safety of the main functional components to maintain an appropriate level of economic security. Scholars, studying the economic security of organizations, identify the following elements of economic security: finance, human resources, technology and innovation, political and legal environment, ecology, environment and information security. Finally, regional and global coercions and risks to economic security are taken into consideration in conjunction with the prospects of utilizing economic diplomacy to reduce and eliminate mentioned threats. In an attempt to find ways to overcome these threats, modern methods of economic diplomacy are highlighted, and the creation of a new regional grouping - the EAEU is assessed as a new format for combating economic threats, in particular, evaluating the concept of the Greater Eurasian Partnership as an important tool of economic diplomacy.