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ARTIFICIAL INTELLIGENCE AS A TOOL OF POWER IN INTERNATIONAL RELATIONS

ШТУЧНИЙ ІНТЕЛЕКТ ЯК ІНСТРУМЕНТ СИЛИ В МІЖНАРОДНИХ ВІДНОСИНАХ

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Abstract. *This article explores artificial intelligence (AI) as a transformative tool of power in international relations, reshaping traditional dimensions of hard, soft, sharp, and smart power. AI enhances military and economic capabilities, promotes cultural narratives, enables disinformation campaigns, and integrates strategic influence. The U.S. and China lead in leveraging AI for geopolitical dominance, while the EU emphasizes ethical regulation, and Global South nations like India and Saudi Arabia use AI for regional influence. The article highlights AI's dual nature as a "two-faced Janus," offering opportunities for both major powers and smaller actors while posing risks of destabilization and technological divides. Through case studies, such as Israel's Operation "Rising Lion," and analyses of global AI trends, the study underscores AI's role in creating cognitive power and redefining global leadership. It concludes that AI's democratization of power and ethical challenges necessitate international cooperation to manage its geopolitical impact.*

Keywords: *Artificial Intelligence, International Relations, Hard Power, Soft Power, Sharp Power, Smart Power, Geopolitics, Cognitive Power, Technological Hegemony.*

Анотація. *Стаття досліджує штучний інтелект (ШІ) як трансформаційний інструмент сили в міжнародних відносинах, що змінює традиційні виміри жорсткої, м'якої, гострої та розумної сили. ШІ посилює військові та економічні можливості, сприяє культурним наративам, уможливлює дезінформаційні кампанії та інтегрує стратегічний вплив. США та Китай лідирують у використанні ШІ для геополітичного домінування, ЄС*

акцентує на етичному регулюванні, а країни Глобального Півдня, як Індія та Саудівська Аравія, застосовують ШІ для регіонального впливу. Стаття підкреслює двоїсту природу ШІ як "дволикого Януса", що пропонує можливості для великих і малих акторів, але створює ризики дестабілізації та технологічного розриву. Через кейс-стаді, як-от операція Ізраїлю "Висхідний Лев", та аналіз глобальних тенденцій ШІ, дослідження наголошує на ролі ШІ у створенні когнітивної сили та переосмисленні глобального лідерства. Воно робить висновок, що демократизація ШІ та етичні виклики потребують міжнародної співпраці для управління його геополітичним впливом.

***Ключові слова**: штучний інтелект, міжнародні відносини, жорстка сила, м'яка сила, гостра сила, розумна сила, геополітика, когнітивна сила, технологічна гегемонія.*

Introduction. Artificial Intelligence (AI) is rapidly reshaping the landscape of international relations, emerging as a transformative instrument of power that redefines traditional notions of geopolitical influence. From bolstering military and economic capabilities to shaping cultural narratives and enabling disinformation campaigns, AI offers new opportunities for both state and non-state actors. This article examines how leading powers, such as the United States and China, harness AI to strengthen their geopolitical dominance, while other regions, including the EU and Global South nations, adapt it to pursue their strategic objectives. Special focus is placed on AI's dual nature, which simultaneously democratizes power and introduces challenges related to ethical dilemmas and risks of destabilization. Through case studies and analyses of global trends, the study illuminates how AI is forging cognitive power and reshaping the paradigm of global leadership.

The purpose of the article is to analyze artificial intelligence (AI) as a transformative instrument of power in international relations, redefining traditional dimensions of hard, soft, sharp, and smart power. The article seeks to elucidate how AI shapes geopolitical dynamics by enhancing military, economic, and cultural capabilities while posing ethical and destabilization risks. Through case studies and analysis of global trends, the study evaluates AI's role in forging cognitive power, reshaping global leadership, and highlighting the need for international cooperation to manage its geopolitical impact.

Literature review. The study of artificial intelligence (AI) as a tool of power in international relations has gained significant attention in recent academic literature, reflecting its transformative impact on geopolitics. Joseph Nye's concept of soft power (2011) provides a foundation for understanding AI's role in shaping cultural and ideological influence, while his later work on smart power (2013) highlights the integration of hard and soft power, a framework increasingly relevant to AI's multifaceted applications. Scholars like Khaustova and Reshetniak (2023) emphasize AI's role in enhancing military capabilities, particularly in intelligence analysis and autonomous systems, as seen in Israel's Operation "Rising Lion" against Iran. Global Voices reports (2024) underscore AI's use in sharp power, detailing how governments employ AI for disinformation and population monitoring, raising ethical concerns. Dubovsky (2024) explores AI's dual role in cybersecurity, enabling both advanced threat detection and novel cyberattacks. The Stanford University AI Index (2025) highlights the U.S. and China's dominance in AI development, with 40 and 15 significant AI models produced in 2024, respectively, underscoring their technological rivalry. Studies by Oxford Insights (2024) and RAND (2023) address the technological divide, noting that countries like Chad, Somalia, and Belarus lag due to inadequate infrastructure and sanctions. The EU's AI Act (2024) is frequently cited as a soft power tool, establishing global ethical standards, as discussed by European scholars. Indian researchers (2023) highlight India's multivector diplomacy, leveraging AI through U.S. partnerships like the Initiative on Critical and Emerging Technologies. Global South nations, such as Saudi Arabia and Malaysia, are noted for using AI to diversify economies and enhance regional influence, per the Global AI Index (2024). Conversely, NPR (2025) and RAND (2023) warn of AI-driven risks, including cognitive warfare and a potential "technological cold war" between the U.S. and China. Collectively, the literature

portrays AI as a "force multiplier" that redefines power dynamics, democratizes influence, and poses ethical and regulatory challenges, necessitating global cooperation.

Methods. In international relations, power is a key concept that defines the ability of states or other actors to influence the behaviour of others to achieve their own objectives. Traditionally, power is categorized into several types: hard power, soft power, sharp power, and smart power. Artificial intelligence (AI) plays an increasingly significant role in shaping and implementing these forms of power, transforming international politics through its technological capabilities. This article examines the role of AI as a tool of power in international relations, capable of influencing and reshaping the roles of international actors. The authors employ abstract-logical methods, case study approaches, axiological, empirical, statistical, and structural-functional analyses.

Main results of research. Considering the aforementioned types of power, hard power is based on coercion, implemented through military or economic might. It encompasses the use of armed forces, economic sanctions, financial pressure, or other tools to achieve political objectives. AI significantly enhances states' hard power by providing new tools for military and economic operations. In the military domain, AI is utilized for developing autonomous weapon systems, analysing intelligence data, predicting threats, and conducting cyberattacks. For instance, AI is employed to forecast threats to information security, process vast datasets, and identify patterns beyond human capabilities.

For example, in June 2025, Israel, with a population of 9.5 million, applied hard power against Iran, with a population of 92.4 million, through Operation "Rising Lion." Israel struck Iran's nuclear and military facilities, disrupting Tehran's nuclear program and weakening its regional influence. The elimination of key IRGC commanders and the destruction of proxy forces, such as Hezbollah, solidified Israel's position as a military leader. These actions altered the geopolitical landscape, weakening Iran, causing a surge in oil prices, and complicating nuclear diplomacy. The United States supported Israel, also striking Iran's nuclear facilities, but sought de-escalation. Without political consolidation of Israel's gains, the region risks further escalation, underscoring the fragility of the Middle Eastern balance of power.

Based on general assumptions about Israel's modern military technologies, such as intelligence analysis, cyber operations, and strike planning, it is plausible that AI played a supporting role in Israel's application of hard power against Iran in Operation "Rising Lion," enhancing intelligence gathering, cyberattacks, and strike coordination. AI algorithms likely processed intelligence data, coordinated attacks on nuclear facilities, and tracked IRGC commanders, providing Israel with a technological edge. Iran's limited use of AI, due to a technological gap, highlighted its vulnerability. This demonstrates the growing role of AI in geopolitical conflicts. Notably, Khaustova V.Ye. and Reshetniak O.I. emphasize that AI is a key priority for the development of defence complexes in many countries, as it enables the automation of decision-making processes and enhances the efficiency of military operations *(Khaustova, Reshetnyak, 2022).*

Economic hard power is also being transformed by AI. AI algorithms are used to analyze market trends, predict economic risks, and automate financial processes, enabling states to more effectively implement sanctions or economic pressure. For instance, AI optimizes the management of financial flows and detects fraudulent schemes, thereby strengthening states' economic security.

Soft power, as conceptualized by Joseph Nye, involves influence through the appeal of culture, values, ideology, or lifestyle, encouraging others to voluntarily support a state's objectives. AI plays a significant role in shaping soft power by creating narratives and personalizing information influence. For example, AI is used to analyse audience preferences and create personalized content on platforms like Netflix, YouTube, and Facebook, promoting cultural products and values. According to a Global Voices report, governments and corporations leverage AI to craft narratives that present technology as a tool of progress, enhancing a state's image as a technological leader *(Civic Media Observatory…, 2025).*

Additionally, AI is applied in education and international cooperation, key aspects of soft power. For instance, AI assistants in educational programs increase access to learning, promoting

countries' educational initiatives. In the context of Ukraine, AI is used to develop educational platforms that popularize digital technologies, bolstering the country's image as an innovative nation *(Parkhomchuk, Koppel, Parkhomchuk, 2024).*

Sharp power involves manipulative influence through disinformation, propaganda, or cyberattacks aimed at undermining trust in democratic institutions or societal stability. AI is a powerful tool for sharp power, enabling the creation and dissemination of disinformation with unprecedented efficiency. AI algorithms can generate fake texts, images, or videos (deepfakes) used to manipulate public opinion. The Global Voices report highlights that AI is often employed for automated population monitoring and restricting citizens' political participation, a hallmark of sharp power. For example, AI systems can analyse social media to detect opposition sentiments and create targeted information campaigns *(Civic Media Observatory, 2025).*

Moreover, AI is used in cybersecurity to develop sophisticated cyberattacks that can destabilize state infrastructure. An article by O. Dubovsky notes that AI helps predict cyber threats and develop rapid responses but can also be used to create new types of attacks *(Dubovskyi, 2024).*

Smart power combines hard and soft power, allowing states to flexibly adapt strategies to specific circumstances. AI is an ideal tool for implementing smart power, as it enables the integration of various influence mechanisms. For instance, AI can simultaneously analyse economic data for sanctions (hard power) and create appealing cultural products to promote a state's image (soft power). AI also helps states adapt to new challenges, such as ethical dilemmas or socio-economic transformations.

Artificial intelligence has become a key tool in international relations, enabling countries to demonstrate power through technological superiority, economic influence, military might, and information operations. In 2025, several countries stand out for their use of AI as a tool of power, including the United States, China, the European Union (notably France and Germany), India, Russia, and some Global South nations.

The United States remains a leader in AI development and implementation, driven by a robust ecosystem of technology companies (OpenAI, Google, Microsoft) and significant investments in research and development. According to Stanford University's 2025 AI Index, American institutions developed 40 significant AI models in 2024, accounting for the largest share globally *(Stanford University, 2025).*

The United States leverages AI as a tool of hard power in the defence sector, particularly for autonomous systems, cybersecurity, and intelligence analysis. For example, the Pentagon funds projects using AI for decision-making in crisis situations, such as preventing nuclear conflicts. Through soft power, the U.S. promotes its image as a technological leader via AI innovations, with companies like OpenAI setting standards for generative AI. In terms of sharp power, AI is used to counter disinformation and cyberattacks, though the U.S. faces challenges in regulating AI, which may impact its ability to effectively utilize this technology. U.S. leadership in AI compels other countries to either collaborate (e.g., through initiatives like the International Network of AI Safety Institutes) or compete by investing in their own AI programs to avoid technological dependence.

China is the primary competitor to the U.S. in AI, rapidly closing the technological gap. According to Stanford's 2025 AI Index, China developed 15 significant AI models in 2024, with DeepSeek's R1 model matching the performance of OpenAI's ChatGPT at a lower cost *(Stanford University, 2025).* China employs AI as a tool for demonstrating hard, soft, smart, and sharp power. As a hard power tool, AI is integrated into military systems, with China's "civil-military integration" strategy enabling the consolidation of resources to develop advanced AI systems. As a soft power tool, China promotes AI through investments in Global South countries, such as Malaysia and African nations, strengthening economic and technological ties.

China's use of AI as a smart power tool exemplifies the combination of technological innovation with strategic global influence. China actively integrates AI into both aspects, using it to enhance economic, political, and cultural influence while bolstering national security. China employs AI as a smart power tool by investing significant resources in AI development, aiming to become a global leader in the field by 2030. AI is used to modernize the economy, increase

productivity, and enhance competitiveness. For instance, companies like Baidu, Alibaba, and Tencent develop AI solutions for cloud computing, e-commerce, and financial technologies, strengthening China's economic influence. Alibaba uses AI to optimize logistics and personalize shopping experiences, facilitating the global expansion of its services. This enables China to promote its technologies in markets across Asia, Africa, and Europe, fostering economic dependence on Chinese platforms *(McKinsey & Company…, 2023).*

China also uses AI to promote its culture and image through digital platforms. For example, AI is employed to create content that popularizes Chinese culture (films, music, games) and to analyse social media to shape a positive image of the country abroad. The platform Douyin (internationally known as TikTok) uses AI to personalize content, promoting Chinese culture among global youth. AI algorithms analyse user preferences, subtly fostering a positive perception of China *(Center for Strategic and International Studies…, 2024).*

Within the Belt and Road Initiative, China employs AI tooptimize infrastructure projects, logistics, and trade, enhancing its economic influence in partner countries. AI technologies enable China to offer "smart cities" and digital infrastructure, increasing countries' reliance on Chinese technology. Notably, in Pakistan, China implements AI systems to manage "smart ports" within the China-Pakistan Economic Corridor, strengthening economic ties and geopolitical influence *(Brookings Institution…, 2024).*

China invests in AI education, creating new programs and attracting global talent. This enables the country not only to develop its own technologies but also to influence global AI standards through training specialists. AI as a tool of sharp power is used for population monitoring and creating disinformation campaigns, raising concerns about its impact on democratic processes in other countries. China's success in AI, particularly holding 70% of global AI patents in 2023, has prompted countries like India to impose restrictions on Chinese technologies (e.g., banning 59 Chinese apps in 2020) or seek alternative partnerships with the U.S (Goldman Sachs, 2023).

The European Union (notably France and Germany), India, and Russia also strive to leverage AI as a tool for all aforementioned types of power in international relations. The EU positions itself as a leader in ethical AI regulation, a form of soft power. In 2024, the EU adopted the AI Act, establishing safety and risk-based AI management standards that influence global norms. France and Germany play key roles in this process. India actively develops AI within its "multivector diplomacy," aiming to become a technological hub for the Global South. India establishes centers of excellence and AI retraining programs, positioning itself as a leader in software development. Through the Initiative on Critical and Emerging Technologies (2023), India deepens technological cooperation with the U.S., enhancing its defence capabilities *(Ministry of External Affairs, Government of India…, 2023).* The 2020 ban on Chinese apps reflects India's pursuit of technological autonomy, impacting its relations with China.

AI is a transformative technology reshaping the geopolitical landscape by providing countries with new opportunities to enhance their power in international relations. In the future, countries that invest in AI, develop infrastructure, human capital, and regulatory frameworks will gain a significant advantage. Conversely, countries that fail to adapt to technological changes risk falling behind. Countries likely to gain power through AI include the U.S., China, the EU, India, and certain Global South nations (Saudi Arabia, UAE, Malaysia, South Africa), as they invest in research, infrastructure, and education while using AI for economic, military, and diplomatic influence. Their success stems from access to resources, robust regulatory frameworks, and international cooperation. Meanwhile, countries like Russia, some African and Latin American nations, and parts of Eastern Europe may lag due to sanctions, economic instability, weak infrastructure, and insufficient investment, exacerbating the technological divide with long-term consequences for their global influence.

AI thus redefines the concept of power in international relations, encompassing hard, soft, sharp, and smart power. Its impact on the global geopolitical map manifests through the strengthening of technologically advanced nations, the rise of regional influence among new actors, the widening technological gap, and the formation of new alliances and conflicts. AI consolidates

power in the hands of states with advanced technological infrastructure, such as the U.S., China, and EU countries. These nations leverage AI to enhance all types of power, contributing to a bipolar or multipolar world where technological superiority determines global influence.

Global South countries like India, Saudi Arabia, Malaysia, and South Africa use AI to bolster regional influence, reshaping traditional centers of power. India positions itself as a technological hub for the Global South through IT sector development and U.S. collaboration (Initiative on Critical and Emerging Technologies, 2023), enabling influence over South Asia and Africa. Saudi Arabia leads in government AI strategy per the Global AI Index (2024), investing in AI infrastructure to diversify its economy. Malaysia's National Artificial Intelligence Roadmap and South Africa's AI Institute foster regional leadership through partnerships with global players like Google and Microsoft *(Tortoise Media, 2024).* This results in a geopolitical shift toward Global South nations emerging as new technological hubs and forming regional alliances, such as through the African Union or ASEAN, reducing dependence on traditional power centers.

AI deepens the technological divide between developed and developing nations, such as certain African countries (Chad, Somalia), Latin American nations (Venezuela, Bolivia), and Eastern European states (Belarus). The Oxford Insights report (2024) indicates that countries with low digitalization levels have limited access to AI technologies due to inadequate infrastructure and education. In Africa, only select countries like South Africa can invest in AI, while others rely on foreign aid. In Latin America, political instability in Venezuela and Bolivia limits AI investment. In Eastern Europe, Belarus lags due to sanctions and IT talent drain. This leads to increased inequality in international relations, with technologically weaker nations becoming dependent on AI technology imports, heightening economic and political vulnerabilities that may spark new conflicts or exploitation.

AI drives changes in the geopolitical landscape, fostering new alliances and conflicts related to control over technologies and data. Regarding alliances, the U.S., EU, and India collaborate through initiatives like AI Safety Institutes to counter Chinese influence. An NPR report (2025) notes that countries are uniting to establish ethical AI standards. Competition between the U.S. and China for AI dominance could lead to a "technological cold war." A RAND report (2023) warns of the risk of escalating cyber conflicts driven by AI *(RAND Corporation, 2023).*

Conclusions. In 2025, the United States and China remain the primary actors in leveraging AI as a tool of power, influencing other actors' behaviour through technological leadership and competition. The EU demonstrates power through regulatory influence and ethical standards, while India and other Global South countries, such as Saudi Arabia, Malaysia, and South Africa, use AI for economic and regional influence. Russia focuses on military and information operations but lags in innovation. These countries are shaping a new geopolitical reality where AI is a key determinant of power, compelling other actors to cooperate, compete, or adapt.

The uniqueness of AI as a tool of power in international relations lies in its ability to simultaneously transform traditional dimensions of power (economic, military, diplomatic) and create new, unprecedented forms of influence. Unlike traditional tools of power, such as nuclear weapons or economic sanctions, AI acts as a "force multiplier," enhancing all aspects of geopolitical dominance while democratizing access to power, making it more dispersed and unpredictable. From this perspective, AI can be viewed as a "two-faced Janus" in international relations, uniting and dividing the world. In Roman mythology, Janus, the god with two faces looking in opposite directions, symbolizes beginnings and endings, peace and war, opportunities and threats. AI reflects this duality: it optimizes supply chains and predicts market trends, enabling countries like the U.S. and China to rapidly accumulate resources for geopolitical influence. Autonomous systems, such as drones or cyberweapons, change the rules of warfare, where algorithmic speed surpasses human decision-making. AI analytics predict state behaviour, allowing actors to anticipate rivals' moves, akin to a chess game with an artificial grandmaster.

AI is a "two-faced Janus" that strengthens the hegemony of major powers while offering opportunities to weaker players. For instance, Israel uses AI for cyberdefense, competing with

superpowers, but AI in the hands of non-state actors risks chaos. This paradox makes AI a unique tool that stabilizes (for the strong) and destabilizes (for the weak) the international order.

AI introduces a new type of power—cognitive power—based on manipulating information and public consciousness. Deepfake algorithms, targeted propaganda, and social media sentiment analysis enable states to shape narratives influencing elections, protests, or even revolutions. Unlike traditional soft power (culture, ideology), AI offers personalized, automated, and rapid influence that is hard to trace. AI acts as an "invisible puppeteer" controlling global narratives. For example, imagine a scenario where AI generates a fake video of a country's leader, sparking an international scandal within hours. This is no longer mere propaganda but a "cognitive war" where reality becomes malleable. Paradoxically, AI also helps combat such threats by detecting fakes, making it both a sword and a shield.

AI lowers barriers to accessing tools of power. While nuclear weapons or aircraft carriers were the prerogative of superpowers, AI tools (e.g., open-source algorithms or cloud computing) are accessible even to small nations. This democratization makes AI unique, as power no longer depends solely on resources or military size—a hacker with a laptop and AI can inflict damage comparable to a state's actions. AI is the "Pandora's box" of international relations, enabling terrorist groups or small countries to launch cyberattacks or information campaigns that rival superpowers.

AI creates a new form of hegemony—technological—where control over data, algorithms, and standards determines global leadership. The U.S. and China compete for AI patents and standards, akin to the 19th-century struggle for colonial territories.

Simultaneously, AI poses unprecedented ethical dilemmas: Who is responsible for autonomous weapons' decisions? How can AI manipulating consciousness be regulated? AI is the "philosopher's stone" of modern politics, promising unlimited power but capable of destroying its creator.

Paradoxically, AI can address global challenges (e.g., climate change) while creating new ones (e.g., autonomous wars), embodying a dual nature—both a blessing and a curse. AI is a "digital genie" that grants wishes but at a cost. For instance, African countries can use AI to optimize agriculture, but reliance on U.S. or Chinese platforms makes them vulnerable to external pressure. The paradox is that AI promises freedom but can impose new technological shackles.

AI resembles a mythical three-headed serpent: one head offers progress, another control, and the third chaos. In international relations, AI is not just a tool but a new arena of struggle, where victory depends on who harnesses its potential fastest.

AI is an ideal tool for implementing smart power, as it integrates various influence mechanisms. For example, AI can simultaneously analyze economic data for sanctions (hard power) and create appealing cultural products to promote a state's image (soft power). AI also helps states adapt to new challenges, such as ethical dilemmas or socio-economic transformations.

Artificial intelligence transforms all types of power in international relations, providing states with new tools for coercion, attraction, manipulation, and adaptive influence. In hard power, AI enhances military and economic capabilities; in soft power, it promotes cultural and educational initiatives; in sharp power, it facilitates manipulative influence through disinformation; and in smart power, it ensures strategic flexibility and efficiency. However, AI also poses ethical, legal, and security challenges, necessitating international regulation and cooperation.

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EXPERIENCE OF USING VISUAL ANALYTICS OF ACCESSORIES AND JEWELRY IN IMAGE BUILDING (PART 1)

ДОСВІД ВИКОРИСТАННЯ ВІЗУАЛЬНОЇ АНАЛІТИКИ АКСЕСУАРІВ І ПРИКРАС В ІМІДЖБІЛДИНГУ (ЧАСТИНА 1)

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Abstract. *The purpose of the article is to build a conceptual scheme for interpreting the colour and symbolic components of individual accessories and jewellery and to demonstrate this scheme using individual illustrative examples. In this part of the article, the author has implemented a visual-analytical study of some accessories. Several conclusions follow from the analysis. Firstly, accessories and decorations visualize shadow (unmanifested, unrealized) cultural and social identities of their owners. Visual images of accessories and decorations usually represent meanings and values that have not been actualized, realized, materialized in the experience of an individual and/or a social (cultural) group and in relation to which an individual and/or a social group experiences reversion (ressentiment in a negative aspect) affective complexes. Usually, such complexes include a mixture of pity/regret, sadness, melancholy, shame, unrealized grandiosity, vanity. Secondly, accessories and decorations in their structure reflect the listed identities with accompanying affective complexes and act as symbolic tools for maintaining the failed internalization of identities. They "report" on this failed internalization both to the subject-carrier and to his environment. Thirdly, accessories and decorations indicate the psychic system and simultaneously program it in terms of re-experiencing the failed (unfinished) experience in transferences-repetitions of both the individual and social levels.*

Keywords: *accessories, decorations, cultural and social identities, image building, visual analytics.*

Анотація. *Метою статті є побудова концептуальної схеми інтерпретації колірних та символічних складових окремих аксесуарів та прикрас та демонстрація цієї схеми на окремих ілюстративних прикладах. У цій частині статті автор здійснив візуально-аналітичне дослідження деяких аксесуарів. З аналізу випливають кілька висновків. По-перше, аксесуари та прикраси візуалізують тіньові (непроявлені, нереалізовані) культурні та соціальні ідентичності їхніх власників. Візуальні образи аксесуарів та прикрас зазвичай представляють смисли та цінності, які не були актуалізовані, реалізовані, матеріалізовані в досвіді індивіда та/або соціальної (культурної) групи та стосовно яких індивід та/або соціальна група переживає реверсійні (ресентимент у негативному аспекті) афективні комплекси. Зазвичай такі комплекси включають суміш жалю/жалю, смутку, меланхолії, сорому, нереалізованої грандіозності, марнославства. По-друге, аксесуари та прикраси у*

своїй структурі відображають перелічені ідентичності з супутніми афективними комплексами та виступають символічними інструментами для підтримки невдалої інтерналізації ідентичностей. Вони «звітують» про цю невдалу інтерналізацію як перед суб'єктом-носієм, так і перед його оточенням. По-третє, аксесуари та прикраси вказують на психічну систему та одночасно програмують її з точки зору повторного переживання невдалого (незавершеного) досвіду в перенесеннях-повтореннях як на індивідуальному, так і на соціальному рівнях.

Ключові слова: *аксесуари, прикраси, культурні та соціальні ідентичності, побудова іміджу, візуальна аналітика.*

Introduction. The apparent peripherality of jewelry and accessories in the construction of a visual image contrasts with their significance in understanding the wearer's identity. Politicians and non-politicians, people involved in power or indifferent to it, when asked how important accessories and jewelry are for their image-building, would most likely give an evasive answer. At the level of common sense, the cultural and social meanings of these visual additions to the image often recede into the background in comparison with the cost and the corresponding high cost/low cost. Journalists at public events of various politicians usually ask how much a watch, brooch, chain/necklace costs, what level of stones or metal is used in its production, etc. Such curiosity is motivated by the creation of sensations and hype around the corrupt background of certain politicians. The brand's high cost is in focus, while any socio-cultural and/or psychological meanings are in the background. The latter may be of interest to subtle connoisseurs of jewelry aesthetics, or art historians, cultural scientists, or committed political historians/biographers interested in writing (to order, in most cases) stories from the lives of great people. In general, for social scientists and humanists, including specialists in international relations, the topic of presenting various identities in visual images of accessories and jewelry could hardly be considered thoroughly developed.

The purpose of the article. The purpose of the article is to build a conceptual scheme for interpreting the color and symbolic components of individual accessories and jewelry and to demonstrate this scheme using individual illustrative examples.

Literature review. In building a conceptual scheme for analyzing accessories and jewelry, the author relies on a synthesis of several theories presented in a number of collective monographs *(Romanenko, Yakovenko, 2008; Romanenko Y., Yakovenko A., Ogarenko, 2009; Romanenko, Svyatnenko, Zinchenko, 2014; Romanenko, Svyatnenko, Potseluiko, Tashchenko, 2015; Ethnic Identity: The Sociosystemological Dimension of Geopolitics, 2016; Romanenko, 2017; Romanenko, 2019).*

This synthesis allows us to apply classical structural functionalism and (neo)functionalism of T. Parsons and N. Luhmann, structuralist semiotics of R. Barthes and W. Eco, symbolic interactionism of J.-G. Mead, orthodox psychoanalysis of S. Freud and archetypal psychology (Jungian psychoanalysis) of K.-G. Jung for the identification of cultural, social and mental meanings *(Freud, 1914; Jung, 1969; Luhmann, 1984; Parsons, 1983; Eco, 1976).* This tetrad of theories allows us, firstly, to determine the highest cultural and social identities that correspond with social characters and control the habitualization of the latter in the visual images of accessories and jewelry (structural functionalism and neofunctionalism). Secondly, to determine the structures of formation of non-verbal messages derived from identities and visualizing the latter through certain compositions of accessories and jewelry (symbolic interactionism). Thirdly, to implement an analytical decomposition of the unconscious meanings and values of the individual and social-group level presented in visual images (orthodox psychoanalysis and analytical psychology).

The author of the article uses as reference and empirical sources a part of scientific articles devoted to accessories and tattoos of cultural, social and sociological, semiotic content, as well as journalistic posts and articles that are in the public domain *(Gage, 1993; Jewitt & Van Leeuwen, 2010; Kress, & Van Leeuwen, 1996; Ledin & Machin, 2018; Leong & Clark, 2003).*

The main results of the study. Each of us is interested in constructing a particular image through which we seek to influence our environment and to shape its expectations, either purposefully or unpurposefully. Each person creates these expectations in accordance with the image of the "mirror self," which in symbolic interactionism is called me, or I through the eyes of another. This "I through the eyes of another" determines the assumed expectations regarding us.

In turn, we, by projecting (modeling) these expectations in our consciousness, construct an image that is consistent or inconsistent with them. Whether a person constructs an image that is consistent or inconsistent with the expectations of others is determined by the set of their identities and the recognition or non-recognition of the value set of the environment corresponding to this set. Recognition or non-recognition in the construction of a visual image correspond to two polar scripts and one intermediate (conformist) one. The script of the positive pole (the pole of loyalty or complete identification - let's call it that) corresponds to a conscious or unconscious choice of visual components that directly correspond to a set of identities and a correlating set of values of a particular group from the person's environment.

Moreover, when choosing a positive script, the person consciously or unconsciously follows the attitude "the more visual similarities with the standard others in my environment - the better." Visual components that correspond to identities and value sets, in the loyalist script predispose not just to an increase in similarity, but to its exaggerated (exaggerated) amplification, to the level of bending, enumeration, amplification, caricature, grotesque.

Let's give a number of visual examples.

Example 1. In an organization where a dress code has been introduced that requires employees to wear gray suits, some employees exaggerate wearing a gray suit by wearing other gray clothing items and accessories (gray blouses and shirts, gray ties, gray shoes, gray accessories, etc.). The motivation for such all-consuming internalization of a set of identities and a set of values can be very diverse - from fear of losing a job to expressing gratitude, appreciation, solidarity, selfish mimicry, etc.

Example 2. Citizens wearing clothing and accessories with state symbols (coat of arms, flag, excerpts/lines from the anthem, etc.). In this variant, loyalist motivation can also vary in a wide spectrum - from ethno(state)centrism and patriotism to the banal fear of being noticed in disloyalty and/or imitation of the identity of certain groups with selfish intentions, etc. The script of the negative pole (the pole of negativism or complete de-identification - let's call it that) corresponds to a conscious or unconscious choice of visual components that directly contradict the set of identities and the correlating set of values of a particular group from the person's environment. Moreover, when choosing a negative script, the person consciously or unconsciously follows the attitude "the more visual differences with the standard others in my environment - the better." Visual components that correspond to countercultural identities and value sets in the negativist script predispose not simply to an increase in differences, but to their exaggerated (exaggerated) amplification, to the level of challenge, rebellion, protest, provocation.

Let us give a number of visual examples.

Example 3. A visitor to an Orthodox church attends a church service wearing clothes with signs of visual eroticism (deep neckline, short skirt) and accessories that reveal her affiliation with a pagan religious organization (amulets, earrings, beads with images of plants, animals, heavenly bodies, etc.). The protest and negativity of the image are reinforced by tattoos of dragon-like creatures on the exposed areas of the body.

It is clear that both the identities and value sets of the visitor and her environment in the Orthodox church are inconsistent. The visual image constructed by the visitor is completely inconsistent with the expectations of her environment, demonstrating a defiant rejection of her (the environment's) identities and value sets. Her clothes and accessories are a challenge to the environment, protest against its sacred things, and can provoke corresponding reactions (irritation, indignation, hatred, moral or physical violence, etc.).

Example 4. A teenager attends a high school in Ukraine wearing clothes and accessories that combine the style of goths and metalheads. These subcultural groups have their own visual markers

that allow them to be distinguished from other groups. The discrepancy between both identities and values, as well as the unconscious or conscious desire of the teenager to realize rebellious intentions in relation to the environment is obvious. Both from some peers and teachers, he causes a number of ridicule or moralizing remarks and negative evaluative judgments.

The script of intermediate content (conformist) corresponds to a non-provocative middle ground, which corresponds to an image with an accompanying philosophy of "not standing out and adapting." Such a visual image can be assessed as conditionally neutral, "normalized", moving away from both exaggerated typicality and individualization.

Jewelry and accessories are part of personal semiosis and allow to exert a targeted or non-targeted influence on the image-building of an individual and their group background.

Analysis of jewelry and accessories of international political leaders presupposes, firstly, understanding of their general cultural, social and mental (pre)meaning. Secondly, correlation of accessories and jewelry with a particular part of the body, and therefore, corresponding connections of general purpose with undeveloped (unfinished, understaffed, shadowed, non-initialized, undeveloped) cultural, social mental qualities, processes, functions. Thirdly, visual-analytical interpretation of particular meanings associated with color, material-textural, figurative-symbolic components of accessories and jewelry.

Understanding of the general purpose of jewelry and accessories stems from the essence of the decoration process, and therefore, the cultural, social and mental understanding of beauty. The category of beauty itself is related to aesthetics, that is, its content is connected with culturally (censorship) organized sensuality. Culturally organized sensuality consists of two components: explicit (manifested) and implicit (shadow, unmanifested). Two such components are contained in any visual image. The use of jewelry or accessories by a particular person presupposes the presence of unmanifested cultural, social, mental qualities, processes and functions that are to one degree or another shadowed.

Beauty is hypnotic to one degree or another, which means that in relation to the psyche of the subject it performs the function of lulling (anesthesia) and the role of a kind of anesthetic in relation to cultural, social, mental qualities, processes and functions. Beautiful objects, phenomena, people can literally and figuratively distract other people from mental pain, which is usually associated with the shadowed part of the psyche as a kind of accumulator of unrealized opportunities. Such pain may be associated with memorial and/or toxic emotions due to the unrealized experience of a specific (psychobiographical) content.

The process of shadowing in the psyche itself is associated with the presence of a shadow, which K.-G. Jung considered an independent archetype (Jung, 1969). The author of this article does not consider it important to debate with Jung about whether the Shadow represents a certain independent archetype or a separate part of the psychic apparatus, a kind of "container" of unlived, rejected, devalued, desired, possible, but unrealized experience. In the second sense, the shadow coincides with the block of long-term memory, which contains all the listed subgroups of past memories.

Jung's understanding of the Shadow includes the possibility of its manifestation by projection. In this context, we will analyze jewelry and accessories as projections of shadow (unmanifested) cultural, social, and mental qualities and functions in a certain segment (zone) of the body. These symbolic projections perform three main functions in relation to the psyche of the individual.

First, they act as indicators of shadow (unmanifested) cultural, social, and mental qualities and functions, that is, visual images accessible for observation that allow us to build hypotheses and/or inferences regarding the described mental qualities and functions as inaccessible to direct research.

Second, these symbolic projections perform an identity-supporting function. Visual images as derivatives of identities keep them in the field of perception and attention, and therefore can enhance the process of internalization of the corresponding identities. Thirdly, accessories and decorations perform an imago-constructing (compensatory-complete) function, connected, first of all, with the transcendental-constructing possibilities of the imagination in culture and the psyche.

They allow symbolically completing the mental apparatus with missing (usually shadowed) qualities, initializing mental processes, manifesting and developing shadowed mental functions in one direction or another.

The correlation of accessories and decorations with one or another part of the body, and therefore, the corresponding connections of general purpose with undeveloped (unfinished, incomplete, shadowed, non-initialized, undeveloped) cultural, social mental qualities, processes, functions presupposes an understanding of the connection of the body scheme with the projective zones of the mental apparatus and the superstructures of cultural and social censorship. In this case, the bodily-organic purpose of a particular part of the body can correspond to a certain degree to the cultural, social and mental meanings projected onto these parts.

The author of this article in his earlier scientific and educational works used the body scheme developed in psychoanalysis (both orthodox and body-oriented), reflecting the topographic model of the psyche by S. Freud and the body scheme developed on its basis by A. *Lowen (Freud, 1914; Lowen, 1958).* In the topographic model of the psyche, Freud identified three levels: upper, middle and lower. In this case, the upper level corresponds to censorship (Super-Ego), the middle - consciousness (Ego), the lower - the unconscious (Id). The development of this scheme in Lowen's body-oriented psychoanalysis made it possible to identify similar zones in the body scheme, conditionally dividing the corresponding parts of the body into the Super-Ego/persona zone (head-neck-shoulders), the Ego zone (torso to the pelvic bones and genital area), the Id/body zone (genital area and lower limbs).

The authors of the "Dictionary of Fashion History" classify accessories into two types: 1) accessories that must be carried with you. They are separated from the body, and therefore this distinguishes them both functionally and culturally-socio-psychically (semiotically). This type (subgroup) includes purses, bags, umbrellas, canes, ceremonial swords. 2) accessories that are worn on you (in separate sectors of the body*) (The Dictionary of Fashion History, 2010, p.1).* This type (subgroup) includes various types of headwear (baseball caps, berets, bombers, jowls, boyarkas, bunnets, eight-piece caps, veils, gauchos, jockey caps, boaters, bonnets, peaked caps, caps, cloches, cowboy hats, kerchiefs, coppolas, Kubankas, bowlers, ski caps, Panamas, pork pie hats, slouches, snoods, tablets, tokes, trilbies, ushankas, fedoras, floppies, peaked caps, homburgs, top hats, knitted hats, shapoklyaks. From this list, the author deliberately excludes ethno-specific headwear that reflects the axiospheres and value sets and hierarchies of individual ethnic groups (e.g. Asian hats, turbans, kippahs, etc.). yes, then we will talk about the cultural meanings of the most common headdresses in mass European and American fashion.

Of the listed headdresses, three subgroups are distinguished, corresponding to three styles of clothing and, accordingly, three types of cultural qualities with which a person strives to complete his or her highest censorship: cultural-classical, sport-military, stage (demonstrative)-romantic.

Each headdress as an accessory is associated with a group of meanings that indicate an unconscious (shadowed) deficiency associated with certain cultural meanings. Their deficiency is associated with three aspects, which can be divided into three groups: 1) meanings associated with rational self-organization and higher value and/or theoretical consciousness; 2) meanings associated with rational (rational)-volitional self-organization/self-regulation and empirical consciousness; 3) meanings associated with social communication, adaptation, mimicry, “reincarnation”, etc.

By preferring certain headdresses, the individual indicates, firstly, what group of meanings the deficit is associated with, in relation to which meanings he has experienced indicates a deficiency, a weakened ability or impossibility of their internalization (mastering, processing, reproduction, construction, etc.). Secondly, such self-designation in the unconscious perception of environmental actors creates the prerequisites for inexplicable mutual attraction, sympathy, cordiality and other positive emotions both of the individual to environmental actors with such a deficiency and on their part.

The explanation for this in the context of various theories of transference in general and mirror (narcissistic) transference seems to be the most relevant. Individuals who claim to internalize meanings from the value consciousness sector (failed scientists, university professors, philosophers,

ideologists, artists, including those who already occupy the designated positions but show signs of positional inconsistency) - with fedoras, homburgs, top hats, trilbies, bowlers, pork pie hats, cloches, floppies - unconsciously semiotize their own claims, thereby demonstrating a shadowed need to complete the construction of the highest sphere of value knowledge. In this way, they reveal both unrealized abilities-possibilities and suppressed (shadowed) identities of scientists, philosophers, moralists-mentors. At the same time, the opportunities and abilities of such people in the sphere of empirical consciousness and adaptation, satisfying needs in the sectors of economic, political, social capital most often turn out to be accomplished and realized.

Illustrative examples of such individuals may be lawyers, businessmen, doctors, representatives of political elites, other spheres of highly paid professional activity, socially recognized and politically influential. But in the biographies of such people, their spiritual-value, theoretical-cognitive and creative intentions remain unrealized. In childhood or youth, one of them dreamed/wanted to become an artist, scientist, philosopher, religious mentor (preacher), - and these dreams remained unrealized due to the choice of the opposite program of life activity. For example, a young man with contemplative-theoretical thinking, who dreamed of entering the philosophy department, was motivated by pragmatic parents to enter the economics department and choose a career as a financier.

The indicated circumstance contributed to the shadowing of abilities, intentions and identities of the corresponding content. These individuals have established themselves as highly adapted pragmatists with high incomes and social (political) capital, but in the spiritual-value sector they were forced to come to terms with the state of undisclosed/unrealized and immersed in fragmentation. As a rule, the state of their axiosphere is eclectic, disordered, fragmented.

The opposite of well-adapted empiricists, in whom the functions of value and theoretical thinking can be suppressed, shadowed and unrealized, are non-pragmatic people of value consciousness, "theorists", poorly adapted in relation to economic capital, having no permanent source of income or living as a rentier due to the lack of need for hired labor, in certain cases - socially peripheralized or marginalized, politically insignificant.

They lack self-discipline, volitional qualities, pragmatic rationality, they can show excessive contemplation, inability and unwillingness to build a career and accumulate financial deposits, etc. On the other hand, these can also be empiricists of a low level of development, who have physical and mental health, but are economically, socially and politically maladapted due to the existing or previous cultural, social, mental dependence in their biography. In the mental sense, such personalities correspond to sensuality - the sphere of contamination of thinking - emotions and / or imaginativeness (dreamy), which can manifest itself in the contamination of thinking - imagination. The psyche of such personalities shows a weak discriminating ability in the aspect of separating evaluative contents (evaluative judgments, fantasies, dreams) from theories and facts.

Such a mental background usually corresponds to the person's preferred wearing of baseball caps, eight-piece caps, peaked caps, ski caps, beanies, bombers, caps, coppolas, jockey caps, and visors. At the same time, the headdress itself may not match the general style of clothing (for example, wearing a baseball cap and a classic suit/shoes). A separate group of headdresses stylizes the psyche, which resorts to theatrical (histrionic), demonstrative, mimicry, imitative behavior repertoires. Such behavioral themes correspond to bandanas, berets, boyarkas, flews, hats with veils, yarmulkes, cowboy hats, malakhais, panamas, caps, snoods, sombreros, skullcaps, turbans, fezzes, hijabs, turbans, sheilas, etc. The very completion-completion of the average censorship (worldview, orientation, hierarchy of values, status-role hierarchy) by the identities of the corresponding groups and the accompanying mimicry (adjustment) motivation in such cases can be empirically identified.

The corresponding claims, as well as shadowed mental (as well as cultural and social) qualities are determined partly by geometric forms and visual images, partly by stereotypical ideas or fantasies that are associated with certain social identities. Ties are a continuation of the cultural-classical headdress in the set of accessories. The semantics of a tie at the level of common sense (let us stipulate, in its modern unified-standardized image) corresponds to the "maintenance of the

vertical", which in the axiosphere of the personality corresponds to the worldview, direction, hierarchy of values and status-role hierarchies. These structures allow us to build an image of the world, the direction of movement in it and determine the sequence of such movement in life time and the available temporary (social-status) opportunities. The unformed worldview, uncertain direction, unstructured or non-hierarchized values can semiotically correspond to the obsessive wearing of a tie. Since there are several subgroups of ties, their wearing allows us to complete the worldview, direction, hierarchy of values or status-role affiliation in different ways.

The semiotic interpretation of the above-mentioned additional equipment depends on four groups of meanings: a) phallic-narcissistic and exhibitionistic (classic ties and regatta ties); b) aristocratic and/or gender (androgynous)-egalitarian (ascots, plastrons and shar-pei); c) simulation-imitation (bow ties, bow ties); d) memorial-ritual (bolo ties).

The modern version of the tie, mass-produced, was proposed in the USA. Such ties in the cultural and psychological sense correspond to the first group of meanings with an emphasis on phallic (penetrating, penetrative) masculinity, and therefore, a worldview that is built (centered) around the issues of knowledge, sex, war and power. It is worth noting that we are talking not only and not so much about sexual meanings, but about cultural ones. Masculine identity, visualized in a classic tie and a regatta tie, builds a culture of permeability, penetrability, objectification, objective cognition, schematic abstraction, etc. The orientation of the bearer of such an identity usually reveals intentions of mastering/possession, appropriation, penetration, destruction. At the same time, the visually corresponding censorship clip of the tie corresponds to a group of meanings associated with efforts to maintain the image of the world, the built direction and the value vertical. At the same time, the semantics of such efforts are “read” in the color and symbolic components of the tie.

Example 5. Donald Trump prefers ties of two color groups: red and blue metallic *(Donald Trump's ties).* The colors correspond to the image of the world of “chaos in order” and “order in chaos”. On the one hand, blackmail, agonal attacks, pressure, manifestation of phallic aggression, deconstruction of all rules and restrictions in red, on the other hand - cold calculation, empirical rationality/prudence, betting on current benefits, deals, political populism - in blue.

Vladimir Putin's persistent preference for burgundy ties (a combination of red and black as well as black and grey in various combinations) marks a restrained-prolonged aggression, with a shade of self-isolation and pessimism, a group of resentment values concerning the identity of the state and the geopolitics of Russia *(Vladimir Putin's ties.).*

Such "classics" have already been the subject of both detailed criticism and revision, which, however, does not completely de-actualize it. The cultural, social and psychological nuances of gender (androgynous)-egalitarian (ascots, plastrons and shar pei) ties, which are more reminiscent of scarves, demonstrate (macro)cultural, gender and psychological compromises of rationality and emotionality, masculinity and femininity, intentionality and plasticity/flexibility. Since the designated types of ties are widespread in the British aristocratic environment and have a corresponding secular origin, their geometric configuration, which implies the absence of a rigid form, corresponds to the emotional-sensory plasticity/plasmaticity of the scarf. The behavioral sphere of representatives of the upper classes is organized in the same aspect (on the one hand, according to the type of a ritually directed multitude of habits and traditions, on the other hand, multiple improvisations). Androgynous dispositions, which are part of the British gender culture, correspond, on the one hand, to gender egalitarianism and feminism, on the other hand, to manifestations of asexuality. Visual decorations of the head and neck area also include various hairpins (clips), earrings and chains (beads, necklaces, chokers).

The semantics of hairpins (clips) is related to the censorship tools of the motivational sphere, since the unconscious psyche usually projects images of habitual adaptation mechanisms in relation to instinctive motives onto these artifacts. Simply put, identifying the meanings of visual images of hairpins (clips) allows us to build analytical hypotheses about how a person tries to cope with part of the unconscious (derived from instincts and emotions) motives, how they are regulated. Both the material of the hairpin (clip) and its geometric configuration and accompanying visual symbols are

analytically significant in the analysis. Earrings, onto which the unconscious image of auditory censorship is projected, have a similar censorship meaning. In this aspect, the visual analysis of the material, geometric configuration and visual symbols of the earrings allows us to hypothesize about the organization of filters of auditory perception. Considering the completing, supplementary functions of jewelry, we can talk about either a deficit of certain filtering capabilities in the auditory register and/or, accordingly, cultural settings of auditory perception (auditory attitudes).

Example 6. Yulia Tymoshenko has a whole collection of earrings of various geometric configurations and colors *(Yulia Tymoshenko's jewelry.).* Among the color range of both metals and precious stone inserts, white consistently dominates. The cultural semantics of white corresponds to the highest value knowledge in the social hierarchy (clergy, intellectual class), respectively, to the perfectionist request for the highest quality information. Hypothetically, Tymoshenko's auditory attitudes correspond to these characteristics, which are combined with a system-analytical mindset, goal-oriented will and high organizational skills,

Beads, necklaces, chokers, chains, and other various pendants in the neck area mark the corresponding deficiencies in the medium censorship zone (worldview, focus, hierarchy of values).

Example 7. In 2021, Kamala Harris became the first woman to take the post of Vice President of the United States. Harris took office wearing her favorite pearl jewelry. The vice president admits that pearls are not just her favorite stone, but a symbol of the path she took from a simple student to the highest-ranking woman in US history. At the inauguration ceremony, Harris wore a gold necklace with Australian pearls and diamonds. It is curious that even during the election campaign, women supporting Kamala came to vote wearing pearl accessories (In a black suit…). The addition of feudal-aristocratic elements to the average censorship indicates a deficit of corresponding social identities, i.e. old money identities in Kamala Harris's identitarian set. Thus, the bourgeois identity of self-made women is contrasted with the "innatist" identities of oligarchic and aristocratic social groups. At the same time, the unconscious psyche visualizes the corresponding deficit of such an oligarchic and aristocratic origin. Brooches semantically correspond to attitudes of consciousness and can perform an indicative or programming function directly dependent on the visual image of this accessory. At the same time, the wearer of the brooch can use it either unconsciously, as a visualization of the current mood and / or stable affective background, or for conscious psycho-semiotic (including political) games.

Example 8. Madeleine Albright always wore an invariable brooch on her chest. In total, the Secretary of State's collection included more than 300 of them, and each sent a certain signal to her partners. All kinds of balls and flowers are a good sign ... Among her brooches, there were many with figurines of beetles and reptiles - such decoration on the chest was considered a bad sign. "Saddam Hussein called me a viper when I worked as a permanent representative to the UN. I had a wonderful brooch with a snake, which I decided to always wear when discussing Iraq," *(Madeleine Albright: diplomacy and the language of brooches.).* Albright was proud. The intention of the impact of different brooches on different partners of international political communication was manifested in the latter's unconscious reading of the meanings associated with the images of this or that insect or reptile, as well as the semantics of other symbols included in the compositions of accessories. However, for Albright, her brooches became both a way of influencing a partner and an instrument of affective self-diagnosis and self-programming, which the Secretary of State pointed out more than once.

Accessories of the hand zone are often watches, bracelets, rings and signet rings. Hands as a contact zone semiotically and mentally correspond to communication and the peculiarities of the manifestation of aggression (preferred strategies and tactics of directed movement towards an object). Through hands, objects of the environment are both instrumentalized and transformed into part of the psychic system of the subject of communication, becoming his internalizers.

One of the most important psycho (socio-cultural)-reflecting and psycho (socio-cultural)-programming accessories is a watch, which corresponds to the image of time (images of time if a person has a set-collection of watches). The symbolic components of the watch (geometric shape, symbolic and color features of the dial) act as indicators of shadow (latent) cultural, social, mental

features of the image of time, that is, more often suppressed and / or unrealized temporal possibilities. They simultaneously visualize certain values as time-turners and hold in the field of perception and attention derivatives of certain temporal identities that the person evaluates as significant. A watch as an accessory and decoration can perform an imago-constructing (compensatory-completed) function associated, first of all, with the possibilities of the transcendental possibilities of the imagination. They allow symbolically transferring the personality into an imaginary space, the experience of which was suppressed or peripheralized due to certain circumstances.

A number of heads of state (presidents) prefer prestigious Swiss brands, for example, Patek Philippe and Vacheron Constantin, Rolex (V. Zelensky, E. Macron, D. Trump, V. Putin, A. Lukashenko, D. Biden, Kim Jong-un). The shadow of Swiss identity and the image of its time corresponds to the values of stability, precision/punctuality, linearity, provincial tranquility. It is worth noting that color and visual-symbolic differences are informative for putting forward analytical hypotheses *(What watches do presidents wear. Imidge. Brand watches and accessories.).*

Illustrative examples and interpretations.

Example 9. Thus, Trump's stable color preferences in watch design are a combination of golden-yellow and white (ivory shade), corresponding to perfectionist-narcissistic sensuality (Patek Philippe, Rollex). The line of wristwatches released by Trump was similar in color to Swiss brands, which was the reason for its commercial failure. The color design of this line includes the same gold (golden-yellow) and white (ivory), demonstrating a combination of emotionally colored eccentricity, on the one hand, and perfectionism, on the other *(What watches do presidents wear. Imidge. Brand watches and accessories.).*

Trump's corresponding emotional states, on the one hand, are expressed, expressed in every possible way and emphasized by himself. On the other hand, the expressed emotions are accompanied by a rhetorical frame of sublime (moral-perfectionist) reasons. Both Trump in his current presidency and on earlier steps of the social-status pyramid (Trump the businessman) correspond to the image of an eccentric politician whose reactions to certain situations are unpredictable. Trump's unpredictable sensuality corresponds to the shadowing of this mental feature both for himself and for those around him. His narcissistic sensitivity as a politician requires from the latter a corresponding (adjusted) type of communication (we are talking about adjustment from below) in order to win his (Trump's) favor.

Example 10. Kim Jong-un prefers Swiss Movado models (total black and in a rose-gold case). A visually significant detail of both models is the absence of time markings on the dial, except for the top point corresponding to the number 12. Thus, for the psyche of the North Korean leader, small units of time are of no value, which corresponds to the temporal indistinction and devaluation of small time-gates (time cycles of insignificant duration), and therefore, to an infantile rather than an adult-mature perception of time. On the other hand, the "claims to eternity" reflected in the propaganda of North Korean Stalinism are shadowed. Fluctuations between "very good" (in the golden image of time) and "very bad" (in the black image of time) correspond to manic-depressive mood swings and the corresponding type of character organization *(What watches do presidents wear. Imidge. Brand watches and accessories.).*

Example 11. For V. Putin, who prefers Swiss brands, the marker features of the design are the predominance of gray and black colors, on the other hand - luxurious high cost, which is deliberately emphasized by the owner. Economic individuation and the strategy of distinguishing oneself from the masses using luxury goods correspond to the psyche of people from social groups that did not have significant economic and cultural resources. At the same time, attunement to the cultural identities of Switzerland and pessimistic rationality consistently correlate with the worldview of the head of state, who does not have an optimistic view of Russia's environment and the construction of relations with it. Putin's collection includes expensive Swiss watches Blancpain Aqualung (Aqualung) limited edition, collectible Patek Philippe and IWC "Pilot's Watch Mark XVII", platinum Lange Tourbograph Perpetual "Pour Le Mérite" (costing up to 500,000 euros) and Patek Philippe 5208P (the latter are characterized by complex technical functions: minute repeaters,

perpetual calendars and chronographs) *(What watches do presidents wear. Imidge. Brand watches and accessories.)*.

Conclusions. In this part of the article, the author has implemented a visual-analytical study of some accessories. Several conclusions follow from the analysis. Firstly, accessories and decorations visualize shadow (unmanifested, unrealized) cultural and social identities of their owners. Visual images of accessories and decorations usually represent meanings and values that have not been actualized, realized, materialized in the experience of an individual and/or a social (cultural) group and in relation to which an individual and/or a social group experiences reversion (ressentiment in a negative aspect) affective complexes. Usually, such complexes include a mixture of pity/regret, sadness, melancholy, shame, unrealized grandiosity, vanity. Secondly, accessories and decorations in their structure reflect the listed identities with accompanying affective complexes and act as symbolic tools for maintaining the failed internalization of identities. They "report" on this failed internalization both to the subject-carrier and to his environment.

Thirdly, accessories and decorations indicate the psychic system and simultaneously program it in terms of re-experiencing the failed (unfinished) experience in transferences-repetitions of both the individual and social levels.

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THE EVOLUTION OF SOFT POWER IN THE FOREIGN POLICY OF THE UNITED STATES

ЕВОЛЮЦІЯ КОНЦЕПЦІЇ «М'ЯКОЇ СИЛИ» У ЗОВНІШНІЙ ПОЛІТИЦІ США

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Abstract. *This article examines the evolution of soft power in the foreign policy of the United States, focusing on the origins and development of this concept after World War II and exploring its role during the presidencies of George W. Bush, Barack Obama, Joseph Biden and Donald Trump. The study traces how soft power as a concept evaluated in the books of the American researcher Joseph Nye, explores how the "War on Terror" under George W. Bush shifted the balance toward hard power, diminishing the international attraction of the U.S., and triggered new forms of "soft-balancing" by other states. The Obama administration subsequently sought to revitalize America's image by restoring diplomatic outreach, promoting multilateralism, and prioritizing public diplomacy through digital platforms and renewed emphasis on shared values. The narrative continues into the Trump and Biden eras, marked by challenges from rising rival powers, global information conflicts, and the increased role of social media in shaping U.S. soft power effectiveness. The research analyzes the effectiveness and boundaries of soft power diplomacy, the attraction-coercion dialectics, and the ongoing relevance of American culture, technology, and democratic values to U.S. power maintenance. With comparative analysis and case studies, the article elicits trends, successes, and failures in American soft power from Bush Jr. to the present, offering a nuanced view of the policies, perceptions, and global impact of the United States.*

Keywords: *soft power, the United States, hard power, world politics, international relations, American foreign policy, global influence.*

Анотація. *У цій статті розглядається еволюція м'якої сили у зовнішній політиці Сполучених Штатів, зосереджуючись на витоках та розвитку цієї концепції після Другої світової війни та досліджуючи її роль під час президентства Джорджа Буша-молодшого,*

Барака Обами, Джозефа Байдена та Дональда Трампа. У дослідженні простежується, як м'яка сила як концепція оцінювалася в книгах американського дослідника Джозефа Ная, досліджується, як «Війна з терором» за Джорджа Буша-молодшого змістила баланс у бік жорсткої сили, зменшуючи міжнародну привабливість США, та спровокувавши нові форми «м'якого балансування» з боку інших держав. Адміністрація Обами згодом прагнула відродити імідж Америки, відновивши дипломатичні контакти, сприяючи багатосторонності та надаючи пріоритет публічній дипломатії через цифрові платформи та відновивши акцент на спільних цінностях. Аналіз продовжується в епоху Трампа та Байдена, що позначена викликами з боку зростаючих суперницьких держав, глобальними інформаційними конфліктами та зростаючою роллю соціальних мереж у формуванні ефективності м'якої сили США. У дослідженні аналізується ефективність та обмеження стратегій м'якої сили, взаємодія між тяжінням та примусом, а також постійна актуальність американської культури, інновацій та демократичних ідеалів для підтримки впливу США. За допомогою тематичних досліджень та порівняльного аналізу стаття висвітлює закономірності, успіхи та невдачі американської м'якої сили від Буша-молодшого до сьогодення, пропонуючи нюансований погляд на політику, сприйняття та глобальний вплив Сполучених Штатів.

Ключові слова: *м'яка сила, жорстка сила, світова політика, міжнародні відносини, зовнішня політика США, глобальний вплив.*

Introduction. The evolution of soft power in the foreign policy of the United States reflects a profound transformation in how global influence is conceived and exercised. For much of the early 20th century, particularly during and between the two World Wars, U.S. foreign policy predominantly relied on hard power—military might and economic sanctions—to shape international outcomes. However, the turbulent aftermaths of these conflicts and the shifting dynamics of the Cold War era prompted the gradual recognition that influence through attraction, persuasion, and cultural appeal holds enduring strategic value. This realization was crystallized by Joseph Nye in 1990, who conceptualized "soft power" as the ability to achieve goals through legitimacy, values, and appeal rather than coercion or payment.

Since then, the U.S. has utilized soft power through cultural diplomacy, humanitarian aid, educational exchanges, and the promotion of democratic ideals to complement its hard power capabilities. These tools have played a pivotal role in shaping alliances, fostering international cooperation, and maintaining America's global leadership position. Yet, the course of American soft power has not been linear; it has experienced peaks and valleys shaped by different administrations, global events, and public perceptions.

The second presidency of Donald Trump marked a dramatic shift, characterized by a diminished emphasis on soft power and a preference for transactional and coercive tactics. Trump's "America First" approach, withdrawal from key international commitments, and rhetorical alienation of allies significantly undermined the United States' attractiveness and legitimacy on the world stage (Jones, 2019).

Studying soft power remains crucial as it provides a theoretical framework to understand the full spectrum of international relations beyond brute force. In an increasingly interconnected world, where culture, information, and values have immense sway, soft power is indispensable for effective diplomacy and global leadership. For the United States, integrating soft power into foreign policy alongside hard power—an approach often termed "smart power"—is essential to rebuilding trust, addressing shared global challenges, and maintaining a competitive edge in a multipolar world.

So, studying the evolution of U.S. soft power from the era of the World Wars to the Trump's administration offers valuable insights into the changing nature of influence and underscores the importance of continued attention to soft power as a cornerstone of American foreign policy.

The purpose of the study. The purpose of this research is to explore the evolution of soft power as a core element of U.S. foreign policy. The research aims to trace how the United States has used soft power alongside hard power to shape its global role, to examine the theoretical basis and practical usage of soft power across different geopolitical contexts.

The methods. This study employs a qualitative historical analysis approach to examine the evolution of U.S. soft power as a key element of American foreign policy.

Main results of the research. Soft power as a distinctive approach to international relations, typically involving the use of economic or cultural influence, has been an important element of American foreign policy since the 20th century.

In its early foreign policy, the United States had primarily relied on military strength and economic influence. The devastating impacts of I and II World Wars shifted attention to more moderate politics such as the Marshall Plan that helped in rehabilitating Europe and spread U.S. ideals and prosperity. The United States spent billions of dollars in war-torn Western Europe to prevent its fall into the sphere of influence of the Communist Soviet Union. The Marshall Plan had three components: humanitarian relief, such as food and medical assistance; technical counsel on reconstruction of devastated infrastructures, such as transportation and communication systems and public utilities; and outright grants of money.

Cultural diplomacy, such as music, film, educational exchange, and foreign broadcasting, was a primary tool for counteracting Soviet influence in the Cold War era. With the collapse of the Soviet Union, American liberalism, which advocates for democracy and free-market philosophies, has spread extensively in a number of areas (Lee, 2025).

Joseph Nye initially proposed the theory of “soft power” in his book “Bound to Lead: The Changing Nature of American Power” in 1990 (Nye, 1990) and consolidated it in “Soft Power: The Means to Success in World Politics” (Nye, 2004).

This concept was a kind of answer to the question of what the foreign policy of the United States should be after the victorious victory in the confrontation with the USSR. The conclusion reached by J. Nye was that the traditional force component of the foreign policy of the modern superpower should be significantly transformed towards more active involvement in the foreign policy strategy of non-violent forms of influence.

The term “soft power” itself takes the researcher beyond the framework of traditional approaches. The use of attractiveness, sympathy, transformation of desires, interests and motivations of other actors presupposes the variability, subjectivity of reality and, above all, the ability to change this reality by imposing one's own ways of understanding and evaluating it. Soft power is the ability to change the behavior of others not by direct compulsion, but by spreading one's values to them.

At the same time, it is necessary to underline, J. Nye doesn’t abandon the realistic vision of world politics as a predominantly force-based process. However, being one of the founders of neoliberalism, he sees peculiarities brought by the evolution of international relations to world politics. Among them are the complications of the structures of political interaction, the expansion of the range of its elements, as well as the change in the means by which actors achieve their goals in the international arena. Such changes inevitably and significantly expand the concept of “power”. Within the framework of the proposed theory, the priorities and motives of international actors, or rather, the ability to influence them indirectly, play a decisive role (Nossel, 2004).

Primarily Soft power is the ability to make one’s own interests, through their moral/cultural appeal, the interests of others; thus facilitating the achievement of political goals. Power resources in this case will include culture, political values, and the moral basis of a state’s foreign policy. The spectrum of force actions is often depicted by soft power theorists as a segment, at the endpoints of which are marked “coercion” and “involvement” as extreme cases of force action; as the transition from the former to the latter, the form of force changes from hard to soft. The resources on which soft power relies include the values processed by the state, the standards of its domestic policy, and the prevailing forms of conducting foreign relations. The power of a state, from this perspective, is determined by its ability to develop and disseminate its own values, culture, and ideology;

participation in the creation and maintenance of international regimes and organizations that will facilitate such dissemination; development of standards and norms of international behavior; the attractiveness of one's own society for immigrants, etc. Criteria by which the soft power of states can be measured will include, for example, the number of exported films, music discs and books and the size of the audience that watches, listens to or reads them; the number of foreign students; the number of tourists; the number of Nobel Prize winners, etc. Of course, these criteria are not strict, and there is no direct connection between these quantities and the effectiveness of foreign policy; but they allow us to capture such a rather vague phenomenon as the "international authority" of a country. The use of soft power, whether conscious or not, creates an image of the state in the world, collective ideas about its possible intentions and desires. From them, public opinion is formed in different parts of the world regarding the desirability or undesirability of the state's global leadership, the impact of the increase or decrease in its role in international affairs, the acceptability of the role of a peacemaker or mediator. In other words, the world does not simply assess the material capabilities of the state, as realists once advised, but also perceives the sincerity and usefulness of its intentions to use them (Nye, 2023).

After 9/11, U.S. foreign policy reverted to hard power: military intervention in Afghanistan and Iraq discredited world perspectives on U.S. legitimacy and moral leadership. The practice of torture, secret detentions, and bulk surveillance damaged American soft power, diminishing the U.S.'s long-established image as a beacon of democracy and human rights. The Bush Doctrine right of the United States to engage preemptive war against states that pose a potential or perceived threat to US security, eclipsed the importance of soft power in American thinking and internationally. The Bush doctrine favored hard power by the use of the military, going against the tradition of depending upon soft power by cultural appeal, diplomacy, and moral authority. Preventive war and unilateralism undermined the legitimacy and moral stature of the United States in the international community, leading to American values and the democracy model being less appealing - ingredients that make up soft power. The emphasis on military operations and interventions lowered the possibility of cultural diplomacy, international collaboration, and the development of long-term alliances which were typically characteristic of American soft power. At the same time, nonetheless, it needs to be stressed, the democratic aspect of this doctrine kept strengthening the appeal of American ideals but through military actions and violent deeds, typically leading to elicited resistances and a blackening of the United States reputation.With its focus on preventive war and unilateral use of force The Bush Doctrine has limited and weakened the effectiveness of US soft power, emphasizing the role of hard power in foreign policy. It has led to a decline in trust in the US as a moral leader and has diminished its cultural and ideological appeal in the world. (Hallams, 2011).

The victory of the Democratic Party's representative, B. Obama, in the 2008 presidential elections resulted in radically different assessments of the future of the United States' foreign policy. The new administration declared its priority of a radical change in foreign policy, known as the "reset of international relations". Under the presidency of Barack Obama, soft power occupied a significant place in the foreign policy of the United States and was one of the key elements of his strategy. Obama sought to rebrand America, as he aimed to restore international trust by means of diplomacy, dialogue, and international cooperation with other countries. Obama introduced the concept of "smart power", which was the application of hard (military) and soft (diplomatic, economic, cultural) means of influence, focusing on dialogue and multilateral solutions but leaving the possibility of using force in reserve. The Obama administration was translated into soft power, which manifested itself in the following ways: easing sanctions and relations with countries, namely negotiations and the nuclear agreement with Iran, shuttering Guantanamo prison and ending the policy of torture, making America a more respectable nation in terms of human rights, giving priority to international cooperation, membership in international organizations, solving global issues with international cooperation, remolding war on terror strategies, using the "light trail" — deploying special forces and drones instead of massive occupation, securing cultural and political engagement with the Muslim world. At the same time, limited military action remained a tool, but

with decreased emphasis and an increasing use of soft power and diplomacy. The desire for multilateralism and peaceful resolution of conflicts (e.g., attempts to end the Israeli-Palestinian conflict peacefully) was one of the manifestations of soft power.

Thus, under Obama's foreign policy, soft power fueled efforts to restore US global power through showcasing the charm of American values, diplomacy, multilateral cooperation, and cultural exchange, as opposed to the use of harsh force by his predecessors (Havrylenko, 2015).

Donald Trump came to power on January 20, 2017. President Donald Trump's foreign policy approach significantly impacted U.S. soft power, generally marked by a decline and recalibration rather than continuation or emphasis on traditional soft power strategies. Under "America First" policy, Trump prioritized U.S. national interests, unilateralism, and bilateral dealings over multilateral cooperation. This approach often meant the U.S. moved away from global consensus and international institutions in favor of what was perceived as more direct national benefit. The administration withdrew the U.S. from major international agreements and bodies, including the Paris Climate Agreement, the Trans-Pacific Partnership (TPP), the Iran Nuclear Deal (JCPOA), UNESCO, and the United Nations Human Rights Council. Trump's administration made deep cuts to programs and organizations traditionally viewed as the backbone of American soft power, like the U.S. Agency for International Development (USAID), Voice of America, the Peace Corps, and the National Endowment for Democracy.

The Trump administration did not prioritize the application of soft power as its core strategy. Trump's foreign policy also favored the hard power mechanisms like economic coercion (threats of tariffs) in lieu of attraction-based influence, and instead of deep cultural or ideological engagement, chasing down a personalized transactional diplomacy. This realignment undermined traditional soft power leverage in global affairs.

While many analysts view Trump's approach as divisive or undermining of U.S. soft power, others argue it is a reorientation aimed at prioritizing tangible national interests and results and fewer traditional ideological appeals. This view regards Trump's steps less as abandonment and more as a political adjustment against a changing global landscape, albeit with great tolls on American future influence (Knigge, 2017).

Briefly, Donald Trump's foreign policy in his first presidency was an age of decreased attention and deliberate diminution of American soft power, characterized by the decline of diplomatic and aid infrastructure, adopting hard power and transactionalism, and communications that insulted key allies and portions of the global public. This decline weakened America's conventional attractional instruments and cultural extension, and created opportunities for geopolitical rivals.

On January 20, 2021 the democrats got back to power when Joseph Robinette Biden became the 46 – th president of the United States under the slogan "America is back". Focusing on rebuilding alliances and recommitting to multilateral institutions, early in his presidency, he rejoined the Paris Climate Accord and the World Health Organization and sought to work closely with the European Union and other global partners to tackle common challenges like climate change and the COVID-19 pandemic.

Biden's foreign policy stressed democracy and human rights, seeking to restore America's moral leadership by placing these issues at the forefront of diplomacy, especially in regions like the Middle East and Asia. He has placed new emphasis on public diplomacy, supporting civil society, and "lifting people up around the world". The administration's rhetoric centers on "relentless diplomacy" instead of military intervention. Biden prefers negotiation, coalition-building, and conflict resolution through dialogue over unilateral force.

While emphasizing soft power, Biden hasn't hesitated to use economic sanctions and other "smart power" instruments against adversaries like Russia and China, especially regarding human rights abuses and territorial aggression—but these are framed within broader diplomatic strategies.

Thus, Biden's strategy involved engaging global publics, supporting vaccine donations, fostering educational exchanges, and investing in international organizations to improve America's image abroad. In the Middle East and Gulf, Biden aimed to recalibrate U.S. relations by weighing

American values (democracy, human rights) against security and economic interests, moving away from an exclusive focus on military ties and arms sales (Seymour, 2021).

Trump's second presidency and recent foreign policy decisions—including the pause on foreign aid, the closure of USAID, condemnation of vital programs for health, education and civil society, attacks on American universities, media and the judicial system, restrictions on international students and an assertive approach to negotiations—have raised questions about the trajectory of U.S. soft power. Donald Trump has already done more damage to the United States' image and influence than in the four years of his first term. Trump's emphasis on military spending alongside his decline in soft power is seen by many political analysts and researchers as damage to the global perception of the United States (Munos, 2024)

However, as Joseph Nye acknowledged, the U.S. soft power has experienced cycles historically and while Trump had damaged trust in the U.S., there is a probability that the U.S. will recover some of its soft power after Trump's presidency.

Restoring American soft power, as Joseph Nye suggests, necessitates a number of significant strategies aimed at the restoration of moral authority, attractiveness, and legitimacy. J. Nye stresses that U.S. soft power is inextricably founded upon liberal values of freedom, equality, rule of law, human rights, democracy, inclusiveness, pluralism, free trade, and humanitarianism. To restore soft power, America must adhere to and uphold these values at home and consistently in foreign policy, avoiding selective application or hypocrisy undermining credibility. Moving away from the "America First" transactional approach toward greater international cooperation and respect for allies is critical. J. Nye stresses the importance of alliances, dialogue, and multilateral institutions in establishing trust and complementing U.S. power. Humanitarian assistance, education, and cultural exchanges are key instruments of soft power. Continuing and funding such initiatives strengthens global perception of the U.S. as apositive force. Sustaining academic freedom, open media, and civic debate is key iin demonstrating U.S. values and preserving its attractiveness internationally. J. Nye particularly underlines that ethical values should guide foreign policy along with realistic interests, defending national identity and legitimacy in the international realm. Combining soft power with credible military and economic strength under a strategy of "smart power" helps balance influence and deterrence effectively. Leading global efforts on issues such as climate change, pandemics, and technological governance (e.g., AI regulation) can enhance the U.S.'s image as a responsible and cooperative global leader. Even though, J.Nye acknowledged the restoration of American soft power will take time and requires consistent, long-term commitment beyond political cycles. Positive shifts, such as President Biden's emphasis on alliances and multilateralism, signal potential recovery but skepticism remains about future political shifts. Restoring U.S. soft power means reaffirming and exemplifying values that attract admiration, rebuilding cooperative international relationships, supporting global public goods, and integrating moral considerations in policy while effectively wielding both soft and hard power elements (Le Monde, 2025)

Conclusions. The gradual development of U.S. soft power demonstrates how the country has adapted its approach to global influence, from the alliances and crises shaped during the World Wars to the complex diplomacy of the twenty-first century. By means of soft power strategy, the United States projected its influence through values, diplomacy, and engagement instead of force. It was, however, largely buried under an overwhelming reliance on hard power in the form of military and economic coercion. The late twentieth century, however, saw the emergence of soft power, primarily in the form of attraction, legitimacy, and culture, advanced by J. Nye to the U.S. hegemony.

During the Cold War and post-Cold War decades, the United States capitalized on culture and educational institutions, provided humanitarian aid, and engaged in multilateral alliances to strengthen its image in the world. All of these served to build a reservoir of soft power that, to a significant degree, aided the U.S. in sustaining its global leadership. It is worth noting, however, that this development had its ups and downs. American administrations wielded soft power

differently, and combined with the international conflict, diplomacy, and events at the time, the perception of soft power was constantly shifting.

The Trump administration represented a watershed marked by an explicit diminishing of soft power in favor of coercive "hard" approaches and transactional diplomacy. Trump's “America First” policy, cuts in foreign assistance, dismantling of key institutions like USAID, and alienation of traditional allies diminished America's appeal and legitimacy worldwide. Nye and others have pointed out that such neglect of soft power eroded America's global standing, destroyed trust among allies, and marred diplomacy. But this same period also highlighted the enduring importance and resilience of soft power: despite setbacks, long-term U.S. influence is inextricably tied to the wellsprings of attraction, cultural appeal, and credible diplomacy.

Soft power research remains essential since it encompasses important aspects of how nations achieve influence without focusing solely on power or economic coercion. In an interdependent and globalized world where information, culture, values, and legitimacy shape political outcomes, soft power provides a theoretical framework to understand and construct successful foreign policy that resonates with different audiences. For America, the integration of soft power and hard power in a "smart power" strategy offers a way to regain credibility, influence global cooperation on global challenges, and preserve its strategic position in an increasingly multipolar world.

In short, soft power is not only a theoretical construct; it's central to enduring American foreign policy. Its development over the course of American history reminds us of the importance of staying committed to values, alliances, cultural exchange, and moral leadership, in conjunction with military and economic strength. The events of two World Wars, the Cold War, and the Trump presidency most clearly demonstrate that America's future influence hinges on a delicate balancing of attraction and coercion—making soft power a necessary component of that balance.

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THEORY AND PRACTICAL MECHANISMS OF SECURITY GUARANTEES

ТЕОРІЯ ТА ПРАКТИЧНІ МЕХАНІЗМИ ГАРАНТІЙ БЕЗПЕКИ

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Abstract. *This article examines the problem of security guarantees within the contemporary international order, with a particular focus on the case of Ukraine amid the ongoing Russian–Ukrainian war. Security guarantees are understood as formal and informal commitments designed to reduce existential risks for states in an anarchic international system. The study situates the debate within predominantly realist perspective. Alliance theory helps to highlight how institutions, reputational stakes, and balance-of-threat perceptions can strengthen or weaken guarantees. Evolution of both formal alliances and informal guarantees in a rapidly changing security environment has been assessed. While formal alliances such as NATO provide structured commitments, they remain contingent on political will and are challenged by collective-action problems and asymmetric burden-sharing. Informal guarantees offer flexibility but lack the deterrent clarity of treaty-based arrangements. These dynamics have become increasingly pronounced in an era of intensified great-power rivalry, diffusion of threats beyond conventional warfare, and growing reluctance of states to extend binding security guarantees. The Ukrainian case exemplifies these dilemmas.*

Keywords: *security guarantees, alliances, deterrence, international security, informal guarantees, collective defense, Russian-Ukrainian war.*

Анотація. *У статті розглядається проблема гарантій безпеки в умовах сучасного міжнародного порядку, з особливою увагою до досвіду України в умовах російсько-української війни. Гарантії безпеки розуміються як формальні та неформальні зобов'язання, спрямовані на зниження екзистенційних ризиків для держав в анархічній міжнародній системі. Дослідження побудоване переважно в руслі реалістичної парадигми. Теорія альянсів допомагає висвітлити, яким чином інститути, репутаційні фактори та сприйняття балансу загроз можуть посилювати або послаблювати гарантії безпеки. Оцінюється еволюція як формальних альянсів, так і неформальних гарантій у швидкозмінному середовищі безпеки. Хоча формальні альянси, такі як НАТО, забезпечують структуровані зобов'язання, вони залишаються залежними від політичної волі та стикаються з проблемами колективних дій і асиметричного розподілу обов'язків. Неформальні гарантії забезпечують більшу гнучкість, проте не мають такої стримувальної сили, як договірні домовленості. Ці особливості стають дедалі помітнішими в епоху загострення суперництва великих держав, поширення загроз за межі традиційної війни та зростання небажання держав надавати обов'язкові гарантії безпеки. Випадок України є показовим для розуміння цих дилем.*

Ключові слова: *гарантії безпеки, альянси, стримування, міжнародна безпека, неформальні гарантії, колективна безпеки, російсько-українська війна.*

Introduction. The Russian-Ukrainian war represents one of the most serious systemic challenges to contemporary international security. Beyond the battlefield, it raises fundamental questions about the durability of existing security institutions, the credibility of deterrence, and the sustainability of the European order. Among the most acute of these questions is how to ensure Ukraine's security after the war.

Any post-war settlement will have to take into account the balance of power between Ukraine and Russia – which is not in Ukraine's favour. This imbalance, coupled with the persistence of Russian revisionism, means that traditional guarantees of sovereignty, such as international law or political declarations, are insufficient. What is required is a more comprehensive and innovative set of guarantees – formal, informal, bilateral, multilateral – designed to reduce risks of renewed aggression while anchoring Ukraine in a broader European and global security system.

That, in turn, would require deeper understanding of how security guarantees function within current system of international security; what kind of limitations they usually have; and how they are integrated into great powers' strategic calculations.

The purpose of this article is to define the concept, political implications and limits of security guarantees as an instrument of international and national security with a specific attention to Ukrainian case.

Literature Review. The issue of security guarantees lies at the intersection of debates about alliances, deterrence, and international order. In an anarchic system where states ultimately rely on self-help, the willingness and ability of stronger actors to provide credible guarantees to weaker states remains one of the most important, yet most problematic, questions of international security. The Russian-Ukrainian war has once again brought this problem to the forefront, highlighting both structural and normative challenges to the credibility of commitments.

Classical realism provides the foundation for understanding why states are often reluctant to provide robust security guarantees. Hans Morgenthau argued that states are driven by the pursuit of power and survival in an anarchic international system (Morgenthau, H., 1948). Guarantees and alliances, from this perspective, are temporary tools serving national interest, not moral commitments. States are expected to aid others only when it strengthens their own position. This self-interested logic makes commitments conditional and subject to revision when circumstances change.

Realists also emphasize the security dilemma, examined by John Herz (Herz, J, 1950) where attempts to increase security can inadvertently reduce it. A strong defense pact or extended guarantee may deter adversaries but can also provoke them, escalating arms races and tensions. Thus, classical realism frames security guarantees as inherently unstable and highly contingent on shifting perceptions of threat and interest.

Building on realist foundations, alliance theory has developed more systematic approaches to the dynamics of security commitments. Glenn Snyder, (Snyder, G., 1984) identified the 'alliance security dilemma', which has two central components: the risk of entrapment and the risk of abandonment. Entrapment occurs when a state is drawn into conflicts initiated by its ally, while abandonment refers to the danger of not receiving promised support. Both fears weaken the credibility of alliances, especially when partners have asymmetric interests and capabilities.

Alliance theory also distinguishes between formal and informal guarantees. Formal alliances, codified in treaties such as NATO's Washington Treaty, institutionalize commitments and increase credibility by raising reputational costs of defection. Informal guarantees, such as US commitments to Israel or Taiwan, rely on political declarations, arms transfers, and strategic ambiguity. These provide flexibility but create uncertainty in moments of crisis. Scholars like Stephen Walt (Walt, S., 1987) stress the importance of threat perception and balance-of-threat calculations in shaping alliance commitments.

Game-theoretical approaches enrich alliance theory by modelling security guarantees as strategic interactions. Thomas Schelling (Schelling, T., 1960) introduced the concept of 'credible commitment' as central to deterrence: guarantees only work if they convincingly lock the guarantor into a course of action. Extended deterrence requires costly signalling, forward deployment of forces, or institutional commitments that raise the cost of withdrawal.

Repeated-game models highlight reputation as a mechanism for sustaining commitments: a state that fails to defend one ally risks undermining credibility everywhere. However, commitment problems remain acute because states cannot bind themselves perfectly in an anarchic system. The temptation to free-ride or defect when costs become too high creates inherent fragility in guarantees.

Contemporary parameters of international security add new layers of complexity. The diffusion of power, rise of China, relative decline of American hegemony, and resurgence of revisionist actors like Russia have generated an environment of greater uncertainty. In this context, states hesitate to provide robust guarantees (Yarhi-Milo, K., Lanoszka, A., Cooper, Z., 2016). Nuclear dimension can also be added to the equation (Lanoszka, A., 2018).

Ukraine represents an especially difficult case for the theory and practice of security guarantees. The Budapest Memorandum, in which Ukraine gave up its nuclear arsenal in exchange for assurances of sovereignty and territorial integrity, is widely regarded as a failed commitment. NATO membership for Ukraine would represent the most robust form of formal guarantees, but alliance enlargement is constrained by fears of a direct war with Russia. Many NATO members are unwilling to extend Article 5 coverage to a state already in active conflict with Moscow. As a result, Ukraine has largely relied on informal guarantees: military assistance, arms transfers, intelligence sharing, and political support from the United States, the EU, and individual NATO members.

The dilemma is therefore acute: without strong guarantees, Ukraine remains vulnerable to renewed aggression but providing them risks escalation and overextension of guarantors. The situation illustrates the broader credibility problem of security guarantees in modern international relations. As Stephen Walt (Walt, S., 2023) notes, great powers balance carefully between supporting allies and avoiding costly entanglements. Ukraine is at the focus of this strategic calculus, making its case emblematic of both the limits and the necessity of credible security commitments in contemporary world politics.

Main Results of the Research. Security guarantees have reemerged as a central issue on international security agenda because the distribution of power is shifting, coercive tools are diversifying, and norms that once constrained aggression are contested. For many states, especially small and medium powers, credible guarantees are the difference between strategic vulnerability and durable sovereignty. They shape regional balances, influence arms races or restraint, and affect international regimes. In a world of renewed great-power rivalry and grey-zone coercion, the form and credibility of guarantees determine whether deterrence holds without war or fails with cascading instability.

The concept is theoretically salient because it sits at the intersection of realism, alliance theory, and game theory. Classical and neo-realist lenses underscore anarchy, self-help, and the twin alliance dilemmas of abandonment and entrapment (Snyder, G., 1984). Alliance theory explains how institutions, reputations, and threat perceptions translate into commitments with varying credibility. Game-theoretic work illuminates credible signalling, tying hands vs. sinking costs, and repeated-game reputation effects (Schelling, T., 1960); it clarifies why forward deployments, legal treaties, and integrated command structures can make promises believable. Constructivist insights add that identities, norms, and narratives of solidarity (or exclusion) condition when material guarantees are politically sustainable (Wendt, A., 1989).

Politically, guarantees are problematic because they export risk. Democracies face publics wary of distant entanglements; leaders must balance assurance for partners with escalation risks vis-à-vis rivals, including nuclear thresholds. The rise of cyber, space, and information operations blurs 'armed attack', challenging treaty triggers designed for conventional invasion. Meanwhile,

the strain on defense industrial bases complicates the long-term sustainment that credible guarantees require. As a result, major powers increasingly mix formal alliances with informal instruments – bilateral security agreements, long-term assistance packages, joint training, prepositioning, and intelligence sharing – seeking flexible assurance without automatic war commitments (Yarhi-Milo, K., Lanoszka, A., Cooper, Z., 2016).

For Ukraine, the stakes are existential. The failure of the Budapest Memorandum exposed the limits of non-binding assurances and eroded faith in security promises more broadly. Since 2014 – and especially after 2022 – Kyiv has relied on extensive but informal guarantees: military aid, training, and political commitments from G7 and NATO partners. These measures have been decisive on the battlefield yet fall short of the deterrent clarity of Article 5.

Unresolved questions animate the current scholarship and policy design. How can guarantors maximize deterrence while minimizing escalation risks with nuclear peers? What legal architectures (treaties vs. executive agreements) and enforcement mechanisms make peacetime promises survive crisis pressures? How should guarantees cover gray-zone aggression, such as cyberattacks, energy coercion, disinformation, that fall below traditional thresholds? Where is the optimal balance between formal guarantees and capacity-building that reduces dependence? How can burden-sharing and defense-industrial ramp-up be structured to sustain multi-year commitments? Finally, Ukraine's case raises whether credible guarantees can be extended to a country in active conflict, and if so, what sequencing – ceasefire terms, benchmarks, and integration steps – ensures both deterrence and political feasibility. The format of security guarantees becomes crucial for defining the parameters of victory, formulating a security strategy, foreign policy, and Ukraine's future development.

In a classical understanding, security guarantees are essentially defensive pacts, bilateral or multilateral, that provide for participation in war on the side of an ally under attack. The problem, however, is that there were no willing states to support Ukraine at that level before Russia's invasion, and there are none now. Moreover, as the Russo-Ukrainian war becomes part of the global struggle over the future of the international order, great powers will increasingly seek to manage their own risks carefully and avoid such binding commitments (Leeds, B, 2003; Berkemeier, M., Fuhrmann, M., 2018). Under these circumstances, it is worth considering a broader range of options, taking into account changes in the international environment and the strategic calculations of the great powers.

Strengthening national security is one of the key functions of a state; but the answer to the question of how security can be guaranteed has never been simple. It is becoming increasingly complex in today's world, characterized by growing instability, intensifying great power rivalries, and rising vulnerability of medium and small states, including Ukraine.

The Cold War model of how states can enhance their security – through alliances, military blocs, or nuclear deterrence – does not always work in today's world, which presents a far greater variety of threats. The expansion of the threat spectrum, transformation of the international order, the blurring of boundaries between war and peace, and the emergence of hybrid and unconventional forms of malign influence make the question of security guarantees even more complex.

In political practice and security theory, the phrase 'security guarantees' lacks a universally accepted definition. Moreover, it is politically charged and rather vague, especially given the numerous nuances in how 'security' itself is understood. Nevertheless, there is a broad consensus that maximizing chances for survival is the fundamental national interest of any state. This can be interpreted as enhancing national security, albeit with political nuances, interpretations, and the social context of the concept of 'security' itself.

In most cases, states lack security. Security can be understood either as a state or as a resource; these two perspectives lead to different strategies for strengthening state security (Baldwin, D., 1997). In addition, security is relative: that is, it can usually only be assessed in relation to the power capabilities or intentions of other states. This property of security creates the so-called 'security dilemma' (Herz, J., 1950) where the strengthening of one state's security leads

to greater risks and threats for another. Under such conditions, it is quite difficult – or even next to impossible – to guarantee security in any meaningful sense.

But risks can certainly be reduced; and this is exactly what states do when they formulate and implement their security and foreign policies. From this perspective, security guarantees can be understood as those measures, strategies, and decisions that reduce the risks posed to a state's survival and effective functioning. The pattern of such risks varies for states depending on their historical conditions or geopolitical environment. Countering security risks takes place both internally – through proper assessment of the environment, identification of threats, strengths, and weaknesses, selection of a security strategy, allocation of resources – and through interaction with the international environment.

One such external risk to a state's security is posed by aggressive behaviour by neighbours, especially stronger neighbours. Although classical interstate wars, which are the main source of danger in the Westphalian international order, have become relatively rare in today's world, their threat remains highly serious. In Ukraine's case, this threat has become entirely real and will remain so in the foreseeable future.

Faced with a risk of invasion, smaller states may try to enhance their security by several ways. In particular, they can engage into maintaining balance of power in its classical sense, i.e., mobilizing domestic resources and/or forming coalitions; overbalancing, based on a misperception of another state's defensive intentions and leading to an arms race or escalation; strategies of waiting, appeasement, buck-passing, and bandwagoning; and underbalancing, which involves insufficient or half-hearted efforts that fail to stop a potential aggressor in time (Schweller, R., 2004). A part of this strategic choice is a search for external security commitments.

Providing security guarantees to other states entails obligations. In an anarchic international environment, such obligations can be ignored – and often are (Leeds, B., 2002), but the cost of doing so is the loss of trust and political influence. This is why most great powers – the primary providers of security guarantees – constantly face a dilemma regarding the nature, scope, and credibility of their commitments. Some states, such as China, traditionally avoid coalition obligations, preferring less formalized friendships or partnerships. Isolationism is another form of avoiding security commitments and was a long-standing feature of the foreign policies of the United Kingdom and the United States. The modern world is marked by increasing security risks, intensifying great-power competition, and the redistribution of power on a global scale. These dynamics create special conditions for resolving this dilemma, forcing states to choose between formal and informal security guarantees.

Formal alliances, a classical model of security commitments, is based on international treaties that explicitly prescribe the obligation to defend a partner state. A prominent example is the Washington Treaty of 1949, whose Article 5 provides for collective defense in the event of an attack. Such guarantees can also be enshrined in bilateral treaties, such as the 1960 US-Japan Security Treaty.

Parties to such multilateral or bilateral defense pacts are allies. Formal guarantees enjoy high legitimacy, imposing obligations on states to assist one another in case of aggression. However, the final decision still rests with the states themselves. For instance, Article 5 of the Washington Treaty stipulates that an attack on one ally shall be considered an attack on all, but each ally will respond 'as it deems necessary' (The North Atlantic Treaty, 1949). Even formally, therefore, an attack on a NATO member does not automatically mean others will engage in combat, making the alliance's effectiveness dependent on political decisions and risk assessments.

States join alliances primarily to optimize their security strategies. At the most basic level, alliances increase confidence among members regarding one another's intentions, thereby mitigating suspicion and reducing worst-case assumptions. This lessens the intensity of the security dilemma within the alliance itself and diminishes the need for constant mutual deterrence (Jervis, R., 1978). Moreover, the formation of an alliance represents one of the most effective responses to the emergence or escalation of an external threat, particularly for smaller or resource-constrained states that lack the capacity to rapidly expand their military arsenals. By pooling

resources and coordinating strategies, such states can enhance deterrence against common adversaries without bearing unsustainable costs individually (Walt, S., 1987).

Alliances also serve to formalize mutual expectations. While realist theory often depicts states as rational actors guided solely by calculated power considerations, in practice they rarely remain neutral in their perceptions of others. States categorize others as friends, partners, rivals, or enemies; and on that basis they form expectations regarding how others might respond in case of aggression. Alliances institutionalize these expectations, transforming them from assumptions into more reliable commitments (Snyder, J., 1984).

The choice between self-reliance and alliance membership, however, is never straightforward. Exclusive reliance on national capabilities requires building and sustaining substantial military forces, which often entails economic trade-offs and reductions in other areas of public expenditure. Furthermore, a unilateral build-up may itself exacerbate the security dilemma by provoking anxiety and countermeasures from neighbouring states (Mearsheimer, J., 2001). At the same time, self-reliance provides independence from external decision-makers, preserving a state's autonomy in issues of security.

The strategic value of alliances lies in their ability to deter potential aggressors, to mobilize collective assistance should deterrence fail, and to signal intentions clearly to both members and outsiders. Yet alliances also generate vulnerabilities: they tie a state's security to the choices of others and may provoke counter-alliances or aggressive moves by adversaries seeking to offset the coalition's strength (Waltz, K., 2010).

In addition, alliances face inherent collective-action problems. The benefits of collective defense are distributed relatively equally among members, while the costs of providing security are uneven. This asymmetry fosters tendencies toward free-riding, as some states underinvest in defense while relying on others to bear the burden (Olson, M., Zeckhauser, R., 1966).

Despite these shortcomings, alliances – codified as formal security commitments – remain the institutional form most closely associated with the concept of security guarantees. For potential aggressors, the existence of an alliance raises the probability that an attack on one member will trigger a collective response. As long as the balance of power is favourable, this expectation ensures that alliances continue to possess significant deterrent value in contemporary international security

Quite often, however, guarantees take an unofficial form. In such cases, no state is legally obliged to fight on another's side in case of aggression, yet cooperation and assistance in various forms – joint exercises, arms transfers, troop deployments, political declarations – can directly influence deterrence or, if deterrence fails, affect the course and outcome of war.

Informal guarantees work not through legal commitments but by generating a sufficiently high probability of intervention by guarantor states and trust in their strength. A notable example is the informal security guarantees provided by the United States to Israel. Assurances of protection, support, or strategic partnership outside legally binding treaties offer major powers more flexibility, which is why such guarantees have become increasingly common.

Informal security guarantees are explicit or implicit commitments suggesting a high probability of political, military, or economic support in case of threats. They may take the form of political declarations, strategic partnerships, arms supplies, intelligence sharing, military exercises, or training missions. Unlike formal alliances, which are treaty-based, informal guarantees rest on political will, trust, and shared interests. Why has demand for such instruments increased?

Because alliances can not only decrease but also multiply the likelihood of a war involvement. Some states deliberately avoid long-term coalition commitments for this reason: the US, for much of its history, followed isolationist policies. But isolationism works poorly when it comes to protecting strategic interests or preserving global leadership. After World War II, Washington abandoned isolationism, as its main goals – containing the USSR, supporting free global trade, and slowing nuclear proliferation – required a new approach (Beckcley, M., 2015). The US launched numerous coalitions, providing security guarantees to dozens of states. These

guarantees became instruments of influence and power projection and continue to function as such today.

This leads to the so-called 'patron's dilemma'. A stronger state, interested in supporting a weaker one, often chooses between supplying arms/money and providing security guarantees (usually in the form of a defense pact). Both deter potential aggressors. Both allow the stronger state to influence the weaker one's behavior. The difference is that alliances imply binding commitments, while arms transfers or looser arrangements are forms of partnership.

When addressing this dilemma, the US seeks balance: strengthening partners' capabilities, signalling support, but avoiding entrapment in costly or risky wars. In the current climate of great-power competition, informal guarantees often look more attractive. Ukraine is experiencing these strategic calculations in real time.

Informal guarantees can be unilateral, bilateral, or multilateral, often based on shared geopolitical interests or ideological affinity. Examples include US support for Taiwan, special US-Israel relations, or the strengthening of trilateral security cooperation among Japan, India, and Australia outside formal treaties.

Their advantages include flexibility, speed, and strategic ambiguity, which can deter adversaries without provoking confrontation. They can also serve as trust-building steps toward formal alliances. However, their weakness is uncertainty: without legal force, they may be doubted in times of crisis. The lack of institutional foundations can undermine effectiveness in conflict, while reliance on informal guarantees may embolden risky behaviour by client states. Overextension by guarantors, making too many informal commitments, can also create risks.

In today's era of geopolitical turbulence and shifting alliance models, informal guarantees have become important foreign policy tools. They provide maneuvering room but require consistent political will and trust to work. Ideally, informal guarantees complement rather than replace formal mechanisms, contributing to adaptive security systems able to respond to new challenges without undermining existing structures.

Conclusions. The problem of security guarantees has once again moved to the forefront of international politics, underscored by the Russian–Ukrainian war and the broader transformations of the international order. The analysis undertaken in this article has shown that security guarantees, whether formalized through alliances or maintained through informal partnerships, remain one of the most contested but indispensable instruments of contemporary security. Their importance lies not only in the ability to deter aggression but also in shaping the broader architecture of trust, expectations, and strategic stability among states.

The theoretical debate illustrates why the credibility of guarantees is persistently fragile. Realist perspectives emphasize the conditional nature of commitments and the ever-present risks of abandonment and entrapment. Alliance theory demonstrates the institutional mechanisms through which states seek to reduce these risks, while game-theoretical approaches highlight the importance of credible signaling, reputational stakes, and costly commitments. Taken together, these approaches underline that security guarantees are not absolute assurances but rather dynamic arrangements embedded in power politics, strategic calculations, and normative frameworks.

In practice, the utility of both formal and informal guarantees is constrained by shifting geopolitical realities. The decline of unipolarity, intensification of great-power rivalry, and expansion of hybrid threats have all complicated the provision of credible commitments. Major powers increasingly weigh the risks of escalation against the costs of inaction, often preferring flexible, informal guarantees to rigid defense pacts. This tendency, however, reduces deterrent clarity and leaves recipients vulnerable to renewed coercion or aggression. The resulting gap between demand for guarantees and willingness to supply them constitutes a central dilemma of today's security environment.

Ukraine's case is emblematic of these challenges. The country's current reliance on informal guarantees – arms transfers, intelligence cooperation, financial and political support – has provided critical but limited protection. What remains unresolved is whether Ukraine can obtain durable, binding guarantees that will not only deter Russia but also anchor it within a stable

European security architecture. This question is at once a national and systemic one: Ukraine's future security will directly affect the stability of Europe and the credibility of the broader system of international guarantees.

Ultimately, security guarantees cannot eliminate the risks inherent in an anarchic world, but they can reduce them in meaningful ways. Their effectiveness depends on clarity, credibility, and sustainability. For Ukraine, and for the international system more broadly, designing guarantees that meet these criteria will be central to the future of deterrence, alliance politics, and the viability of international order in the twenty-first century.

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VISUALIZING THE SYRIAN CRISIS: FIRST-PERSON DOCUMENTARIES AS TOOLS OF VISUAL GLOBAL POLITICS

ВІЗУАЛІЗАЦІЯ СИРІЙСЬКОЇ КРИЗИ: ДОКУМЕНТАЛЬНІ ФІЛЬМИ ВІД ПЕРШОЇ ОСОБИ ЯК ІНСТРУМЕНТИ ВІЗУАЛЬНОЇ ГЛОБАЛЬНОЇ ПОЛІТИКИ

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Abstract. *This article aims to explore the influence of images in international politics. Images from films, television, and photographs shape how we perceive and respond to events such as wars, disasters and protests. These images have become a political force, significantly impacting international politics. Powerful war visuals serve as stark reminders of their horrors and brutalities. To understand this, the study has taken two documentaries made on Syria's civil war and refugee crisis. This study examines how documentaries, particularly "Escape from Syria: Rania's Odyssey" (2017) and "For Sama" (2019), produced by Syrian women filmmakers, shape global perceptions of the conflict and its associated refugee crisis. Using a feminist perspective, these personal narratives offer intimate, gendered insights that contrast with the Western media's often stereotypical portrayals. Drawing on visual politics theories, the article underlines how images act as political instruments, shaping public opinion and mobilising humanitarian action. The research employed the case study and content analysis methods to understand the impact of the documentaries. The study demonstrates that, by democratising storytelling, these documentaries amplify the voices of marginalised individuals, providing verifiable accounts that deepen our understanding of international politics and refugee policies. They prompt global audiences to question their assumptions, advocating for justice and reform in regions affected by crisis, thereby reshaping narratives around the human toll of the Syrian conflict.*

Keywords: *Syrian Civil War, Syrian Refugees, Images, Documentary, Visual Global Politics*

Анотація. *Ця стаття має на меті дослідити вплив зображень у міжнародній політиці. Зображення з фільмів, телебачення та фотографій формують те, як ми сприймаємо та реагуємо на такі події, як війни, катастрофи та протести. Ці зображення стали політичною силою, що суттєво впливає на міжнародну політику. Потужні візуальні ефекти війни слугують яскравим нагадуванням про їхні жахи та жорстокість. Щоб зрозуміти це, дослідження взяло два документальні фільми, зняті про громадянську війну та кризу біженців у Сирії. Це дослідження розглядає, як документальні фільми, зокрема «Втеча з Сирії: Одіссея Ранії» (2017) та «Для Сами» (2019), створені сирійськими жінками-кінематографістками, формують глобальне сприйняття конфлікту та пов'язаної з ним кризи біженців. Використовуючи феміністичну перспективу, ці особисті наративи пропонують інтимні, гендерно змішані погляди, що контрастують із часто стереотипними*

зображеннями західних ЗМІ. Спираючись на теорії візуальної політики, стаття підкреслює, як зображення діють як політичні інструменти, формуючи громадську думку та мобілізуючи гуманітарні дії. У дослідженні використовувалися методи тематичного дослідження та контент-аналізу, щоб зрозуміти вплив документальних фільмів. Дослідження демонструє, що, демократизуючи розповідь історій, ці документальні фільми посилюють голоси маргіналізованих осіб, надаючи перевірені розповіді, які поглиблюють наше розуміння міжнародної політики та політики щодо біженців. Вони спонукають світову аудиторію сумніватися у своїх припущеннях, виступаючи за справедливість та реформи в регіонах, постраждалих від кризи, тим самим змінюючи наративи щодо людських жертв сирійського конфлікту.

Ключові слова: *Громадянська війна в Сирії, Сирійські біженці, Зображення, Документальні фільми, Візуальна глобальна політика.*

Introduction. The Arab Spring, ignited in 2011 across at least six nations, Tunisia, Egypt, Libya, Yemen, Syria, and Bahrain, marked a seismic wave of unrest driven primarily by disillusioned youth. Frustrated by entrenched, ageing dictatorships, these young activists sought transformative political, economic, and social change. Their protests, fueled by aspirations for democracy and equity, erupted with fervour but often yielded turbulent outcomes. In Syria, the movement spiralled into a protracted civil war, spawning a devastating humanitarian crisis. Yemen descended into its civil conflict, while Egypt saw the reemergence of military authoritarianism. Syria remains the starkest tragedy, with a conflict of almost thirteen years driving millions to flee as refugees, seeking shelter in neighbouring countries like Jordan, Lebanon, and Turkey, as well as in Europe, the United States, and Canada. The dreams of reform were met with violence, displacement, and instability, leaving a complex legacy of hope and despair. In December 2024, the Assad regime fell, and later a caretaker government was formed in March 2025. Although war is still ongoing in many parts of the country.

From the outset, the media have been a cornerstone in shedding light on the human toll of the Arab Spring, particularly the plight of stateless Syrians and others displaced by the upheaval. The media played a critical role in exposing the loss of lives, particularly for stateless Syrians and other displaced groups. Social media platforms like X and outlets like *Al Jazeera* provided real-time, ground-level coverage, amplifying the voices of marginalised individuals—activists, survivors, and families. This visibility spurred global awareness, with dozens of documentaries and films emerging from both Western and Middle Eastern creators. This visibility sparked global awareness, driving dozens of documentaries showcased at festivals like Sundance and Berlinale, which blended Western and Middle Eastern perspectives to advocate for victims. These works, often showcased at prominent Western film festivals, have played a critical role in advocating for victims of the civil wars and refugee crises. Among these, two poignant documentaries by Syrian women filmmakers stand out. Through their lenses, these women, both victims and storytellers, offer intimate, gendered perspectives on the suffering and resilience of their people, bringing the human cost of the crisis to the global stage with unflinching clarity.

The purpose of this article is to explore how international events influence image creation and how that image shapes our understanding of those events. Photography, film, and television shape our perceptions and responses to a wide range of events, including wars, humanitarian crises, social protests, economic downturns, and political campaigns (Bleiker, 2018). A single photo, like a refugee's journey, can evoke empathy, spur activism, or shape policy, amplified by platforms like X. Images and photographs not just tell the stories of war but also try to transform that conflict into peace (Allbeson, Oldfield, and Mitchell 2025). Documentaries like *For Sama* humanise crises, countering mainstream media's simplifications. Television coverage of protests or economic crises amplifies urgency, shaping narratives. However, images risk manipulation or bias, as Bleiker (2018) notes. Their emotional power transcends borders, fostering solidarity or outrage, driving action or reflection. The paper will try to examine the images and understand how images are made political.

Therefore, the paper has chosen two documentaries, *Escape from Syria: Rania's Odyssey* (2017) and *For Sama* (2019), produced by two female film directors, Rania Ali Mustafa and Waad Al-Kateab, as case studies to understand how they have attempted to bring the Syrian crisis to a global audience.

The paper offers five major arguments. First, the women filmmakers have been able to represent their experience as war victims and refugees from a feminist perspective. Second, the representation has been efficient, which is different from other documentaries in popular media. Third, despite being a first-person narrative, it was easy to experience the war and refugee crisis, and it offered a different perspective on the Arab Spring and Syrian Civil War. Fourth, a documentary is a powerful tool to represent real-life situations and also helps shape global perceptions of political issues. Fifth, the filmmakers' agenda was to establish peace through the visuals.

The remainder of the article is organised as follows. First, it explains the role of documentaries in representing the civil war and refugee crisis. Second, it analyses the content of the two documentaries. The last section examines how Western documentaries were different from these two documentaries in terms of the politics of representation. It will try to understand how the facts presented in the documentaries help us know the real world. The paper emphasises how images function as political instruments, affecting public opinion and inspiring humanitarian actions, drawing on theories of visual politics (Bleiker, 2018; Callahan, 2020). The paper employs case study and content analysis as its methodologies. The study has attempted to systematically analyse the content of the documentaries to gain an in-depth understanding.

Literature Review. In a globally connected and technologically advanced world, we receive information about various international events through visual media. Visuals convey complex information quickly and emotionally. Images and visual objects can serve meaningful political and social functions (Bleiker, Chapman, and Shim 2021). They actively influence political discourse, social movements, and cultural norms by shaping perceptions, evoking emotions, and mobilising action. To understand the dynamics of global politics today, visuals should be taken seriously (Bleiker, 2023). Images influence our perception of the world by highlighting certain aspects while concealing others (Callahan, 2020). W.J.T. Mitchell (1986) refers to a "visual" or "pictorial" turn, emphasising that people tend to perceive and recall significant events more through images than through written or spoken narratives. Iconic images hold immense power, often compelling ethical and political reactions. Images are political forces in themselves and usually shape politics, policies and action (Bleiker, 2018). A piece of art can inspire us to view the world differently, prompting us to reconsider long-held assumptions, including those related to politics. James Der Derian (2018) describes a "war of images," where visual media are a critical strategic element in warfare, employed by all actors at every level.

Images serve as weapons in diverse ways: they instil fear, recruit fighters, influence public opinion, guide drones and missiles, and ultimately wage a visual form of war. According to Ronald Bleiker (2018), visual politics has been democratised, as selective media outlets no longer control it. In today's digital age, anyone with a smartphone or camera can capture and share images instantly, amplifying their reach through social media platforms like X, Instagram, or TikTok. These images shape global perceptions of crises, ranging from civil wars to refugee movements, offering raw and unfiltered glimpses into human experiences. Unlike traditional media, which often curates narratives, citizen photography, such as Syrians documenting their war-torn streets post-Arab Spring, provides authentic, immediate visuals that resonate deeply. A single image, like that of a displaced child or a bombed-out city, can evoke empathy, spark outrage, or drive activism, influencing how audiences interpret and respond to global events. The link between visuality and how society and politics are perceived is shaped by underlying power relations. Similarly, the images used to represent conflict are influenced by existing structures of power. (Hutchison and Bleiker 2021). Humanitarian ethics are now widely recognised as a core value in promoting global peace. Visuals of conflict and human suffering support humanitarian ethics and help to establish a

peaceful international order. Powerful images of human suffering have played a crucial role in shaping both the rise of humanitarianism and our understanding of conflict and the pursuit of peace.

Images transcend language barriers, conveying visceral truths about conflict, suffering, or resilience. For instance, photos of refugees crossing the Mediterranean have galvanised humanitarian efforts while exposing the scale of the crisis. Yet, this power cuts both ways: images can be manipulated or decontextualised, shaping biased narratives. Social media's viral nature amplifies impact but risks oversimplification. Still, these visuals humanise distant crises, fostering global solidarity and urging action. In our interconnected world, images are not just reflections of reality; they actively shape our understanding and response to it.

Research Methods. The study employs content analysis and case study as research methods for this article. Content analysis is a research technique that systematically explores visual and textual content to identify recurring themes, patterns, and meanings (Lamont, 2021). Case studies involve an in-depth examination of one or a few subjects to gain insights that can be applied more broadly (Lamont, 2021). This research employs two case studies, the two documentaries, *"Escape from Syria: Rania's Odyssey"* (2017) and *"For Sama"* (2019), to examine the influence of images on global political dynamics.

Role of documentaries in representing the civil war and the refugee crisis

Documentaries have emerged as powerful tools for shedding light on the human dimensions of civil wars and refugee crises, offering nuanced perspectives that counter mainstream media's often reductive narratives. Since the Arab Spring ignited in 2011, sparking uprisings in Syria, Tunisia, Egypt, and beyond, documentaries have captured the raw realities of conflict, resilience, and displacement.

These documentaries serve as acts of social engagement, amplifying marginalised perspectives and fostering empathy. By focusing on personal narratives, they reveal the emotional and psychological toll of war, from families fleeing Aleppo to refugees navigating perilous journeys to Europe. Unlike fleeting news cycles, documentaries offer depth, context, and historical grounding, illuminating systemic issues such as political oppression or Western interventions that fueled the Arab Spring's aftermath. They also highlight resilience, showcasing communities rebuilding amid chaos.

Moreover, platforms like Netflix and festivals like Sundance have democratized access, enabling global audiences to engage with these stories. By centring lived experiences, documentaries not only document history but also inspire action, urging viewers to confront uncomfortable truths and advocate for change. In a world desensitised by headlines, they remain vital for humanising crises and rekindling global solidarity. According to John Grierson, a documentary is "creative treatment of actuality" (Nichols, 2017). Whatever documentary films are, they are very real and known facts, and they never introduce anything new or unverifiable. Documentaries feature real people who don't act or perform roles, unlike actors. Instead, they play or present themselves in front of the camera. Documentaries possess a unique storytelling power. Documentaries aim to engage the audience in real-life situations. They tell us about changes that take place over time, with a beginning, middle, and end, be they the experiences of an individual or an entire society. Many famous films, such as *Rome Open City* (1945), *Hotel Rwanda* (2004), and *The Turtle Can Fly* (2004), are not based on historical events. Instead of that, the famous French documentary by Alain Resnais on Jews holocaust, *Night and Fog* (1956), is much more engaging, and the footage creates fear among the audience. To the extent that a documentary tells a story, the story is a plausible representation of what happened, rather than an imaginative interpretation of what might have happened. It will be told from the perspective of the filmmaker in the form and style of their choice, but it will correspond to known facts and actual events.

Documentary filmmaking helps reveal the complex dynamics of international politics by showing how state relations intersect with personal experiences like hospitality, alienation, and vulnerability (Callahan 2015). First-person documentary filmmaking is a socially engaged and politically active form of filmmaking, through which the filmmaker assumes various social roles, such as mother, activist, wife, and refugee (Yu, 2018). A first-person documentary can describe any

non-fiction event when the director leans into their subjective point of view and experience, whether it involves personal or global issues, rather than adopting a silent, omniscient viewpoint (Bill, 2017). In documentary subject participation, it begins with capturing the raw footage, which is then handed over to a production team (director/producer/editor).

Several films and documentaries have been produced on the Arab Spring, the Syrian Crisis, and the refugee crises in West Asia and Europe. The Western Media houses and other media houses from Russia, such as *Al Jazeera,* have made hundreds of documentaries on the same topic, keeping in line with their political agenda. But documentaries made by victims carry much more significance and authenticity.

Escape from Syria: Rania's odyssey (2017)

Rania Ali Mustafa, a 20-year-old Kurdish woman, fled from Racca, which was captured by the Islamic State of Iraq and Syria (ISIS). She was trying to flee to Europe, and one man from Norway asked her to document her journey with the new camera she gave him. As the title suggests, she was going through a journey, or like an odyssey, where she encountered new difficulties in life. We can see her walking through the destruction of the Racca, which was once home to them. The outside world may think this is a war zone, but for her, it was home. She wants to stay back, but to have a better future, she wants to cross the dangerous sea. During the same time, Europe was changing refugee laws, so she wanted to move as early as possible. She had a plan to first go to Turkey; from there, she could go to Europe. She took a small bag along with some essential things, such as her mother's photographs, Game of Thrones DVDs, some clothes, etc. She crossed the border and reached a town named Urfa in Turkey, with the help of a smuggler, and the fees were $300. She, along with other friends, fled Syria. It was a challenging task to cross the border illegally and not see the family. Moreover, crossing the sea was scary as there were no guarantees of life. In a boat of 15 people, the smugglers accommodated 52 people, and there were also kids while crossing the sea. As usual, the boat was drowned and later rescued by a ship and taken to an unknown island. The migrants had a destination of Germany and other states. The smugglers made them foolish as they were supposed to go to Macedonia with the ticket, but later came to know it was a scam.

They did not have enough money but had to manage their food and accommodation in a hotel. We can see that most of the time they stayed without having food, and the only concern is how to reach their destination. As they were not allowed to cross the border, they were staying in the refugee camps along the Greece-Macedonia border. The refugees were staying in tents in unhealthy conditions, and there was nobody to help them. Rania wondered why nobody was concerned about them and what the best solution was for this issue. We can see graffiti on the tents written as 'open the border' or 'save us'. They were trying to cross the border as early as possible, as some of the refugees were deported to Turkey. They were walking towards the border in dangerous situations. The road was not good as they passed through the villages and the interiors. There were people who were physically challenged and were not able to walk. Eventually, they entered Macedonia, where some of the refugees were beaten off, and from there, they entered Greece. People can be seen shouting to open the border and to save them. We can see mothers going along with small kids. In Greece, the border was closed, and tear gas was used on the refugees. Towards the end, in one of the scenes, the one border security guard from the opposite side said to Rania that it's extremely hot and they should not stay in this weather. It depicts that security guards were obliged to protect the border and, at the same time, showed humanity for the refugees. He has little option but to help the refugees by defending the border. Like the conflicting emotions and desires sparked by crossing borders, guarding or securing a border also generates comparable tensions (Choi, 2018). Later, she, along with her friend Arman, borrowed some money and went to Bulgaria as tourists by using fake IDs. But they were caught in Austria and were deported to Vienna. At present, Rania is in Vienna and works as a journalist. According to Rania, in most of the video footage available in public, men are shown as war victims, and women are mostly sidelined. But she wanted to show women can also look for a better life, and they can do what men can do.

For Sama (2019)

The documentary For Same is a powerful representation of the devastating lives of the civilians from the war zone of Aleppo. The filmmaker Waad Al-Kateab made this documentary for her daughter from the perspective of a mother. She used this medium as a tool to showcase the world exactly what happened in the Syrian Civil War. She has tried to give all the minute details from the ground. This first-person documentary by Waad, along with Edward Watts, asks for a better future for children like Sama, who is Waad's daughter.

Waad started to document the incidents in 2012 of the movement as a 22-year-old student with a cellphone at Aleppo University, studying to earn an economics degree. At that time, protests erupted against the dictatorship of Bashar al-Assad. In April 2012, the students at the university used the university wall by making various graffiti and words like AZADI and Freedom and were looking for revolution. She, along with her friend and future husband Hamza, a fellow activist, was providing medical facilities to the other activists. Waad was surprised to see that the regime was willing to stay in power rather than quit, and the activists seeking democracy were termed as the 'terrorists'. The civilians who were killed in numbers were protesting, and we can see the dead bodies and the mass graves. Waad and Hamza lost many of their friends and fellow activists.

Waad and Hamza both didn't leave the city and later got married in the war zone, and eventually they had a baby girl. The moment Waad came to know about the pregnancy, she was scared about the future that she was going to introduce to the child. As a mother, she wanted a secure place where she, along with the baby, and as the wife of Hamza, could stay happily. She was scared of dying once a new life was budding within her. Throughout the documentary, the sound of guns and the explosion of bombs could be heard.

Not only can we see the impact of war on the women, but also on the children. The young boy, Wisam, could be seen crying because he did not want to leave the city, and he was scared. Also, we could see lots of young children died in the bomb blast. On the contrary, children could be seen playing, who have no idea of war and crisis. One of the scenes is very powerful where nine pregnant women who were hit by the bomb were brought to the hospital, and the children they gave birth to were born alive. Eventually, the only hospital which was run by Hamza and his colleagues was hit by the bomb. The couple did not leave the city despite various difficulties. Lastly, Hamza was asked to surrender by the Russians, or they could go into exile. So, they had to leave the city with lots of risks and dangers.

One thing is clear: no one wants to be a refugee and leave their homeland at any cost. Those who have left hoped to return and look forward to a new future, seeking freedom and democratic values that will build a new nation for future generations. Waad was seen walking with Sama through the ruins of Aleppo, reminiscent of Roberto Rossellini's 'Germany Year Zero', where a young boy was depicted standing amidst the ruins of Berlin. She wrote a heartfelt letter to her daughter. Later, Waad gave birth to another daughter, and currently, Waad and Hamza reside in the United Kingdom with their two daughters.

The goal of political science is to learn the facts about the real world (Bleiker 2001). Documentaries and films help us to think about international politics, which has been represented through those media (Dodds and Carter, 2014). The documentary *For Sama* discussed the Syrian civilians and the domestic politics that led to the crisis. Involvement of Russia in the Syrian crisis and active participation in the war unfolded the political and ideological rivalry between the West and Russia. It wanted support from the global community for the civilians fighting against Assad.

Rania's documentary critiques Europe's refugee policies, spotlighting the tension between state security and human compassion. It questions the perceived lack of empathy among Europeans, often framed as prioritising national interests over humanitarian obligations. The film likely delves into the perilous journeys refugees undertake—crossing treacherous seas, evading smugglers, and enduring violence—to reach Europe, highlighting their desperation for safety and a better life. These narratives underscore the moral dilemma: while borders, checkpoints, and visas are critical for maintaining state sovereignty and security, they can also become barriers that strip refugees of hope and dignity.

Borders serve as both literal and symbolic lines. They protect national identity and regulate immigration, ensuring economic and social stability. Checkpoints and visa systems filter entrants, aiming to prevent threats like terrorism or crime. However, the documentary seems to argue that these mechanisms, when overly stringent, dehumanise vulnerable people, turning borders into zones of exclusion rather than gateways to refuge. Refugees, fleeing war and persecution, often face rejection or hostility, raising questions about the balance between security and humanity.

The documentary also addresses the Syrian crisis, particularly the rise of ISIS, which exploited instability to perpetrate atrocities in the name of Islam, targeting civilians and minorities like the Kurds. The Assad government's failure to protect groups like the Kurds exacerbated displacement, pushing thousands toward Europe. This context underscores why refugees risk everything to escape, challenging Europe's reluctance to integrate them. The film likely critiques the blanket suspicion of refugees as potential threats, fueled by ISIS's actions, which overshadows the plight of innocent families. By juxtaposing state security measures with the human cost of exclusion, Rania's work calls for a reevaluation of policies to prioritise compassion without compromising safety, urging Europe to reconcile its values with its actions.

Globalisation, digital communication, and social media have driven a growing number of social movements to adopt visual communication strategies. Protestors utilise photographs as a vital tool to shape their message and connect with diverse national and international audiences (Doerr and Milman, 2018). In *For Sama*, we visualise the protest of the civilians against the Syrian government. Behind creating the documentary is Waad, who is a victim of the civil war and a protester. It gave much more power to the documentary and the images captured in it. In both documentaries, small children have been depicted. Instead of the strategic manoeuvres of global conflicts, a single image of a child suffering from political violence can trigger a strong emotional and political response, crafting a vivid and straightforward narrative (Koo, 2018). Images of children under attack are powerful because they subtly infiltrate our consciousness, tapping into existing global political narratives to drive action and influence political landscapes (Koo, 2018). Both documentaries have shown vulnerable refugees mobilising support for humanitarian intervention and refugee assistance efforts. These visual trends have significant implications, as they influence how refugees are protected, integrated, and provided opportunities for safe and dignified lives (Johnson, 2018). The state has used violence to achieve its political goal, and the film directors have shown that violence is shown in visuals to achieve their political goal of a war-free state and the rights of refugees.

Rania and Waad's documentaries, as highlighted by Anishchenkova (2018), diverge significantly from Western media portrayals, which often rely on preconceived notions and stereotypes about the Syrian conflict. These Western narratives tend to frame issues through a lens of oversimplification or bias, presenting a homogenised view that may not fully capture the lived realities of those affected. In contrast, Rania and Waad's works offer authentic, ground-level perspectives, rooted in their personal experiences and unfiltered by external agendas. Their storytelling prioritises the voices of Syrians, countering the often one-dimensional depictions found in mainstream outlets.

Meanwhile, RT, a Russian state-run network, produces documentary-style content that selectively showcases Damascus, portraying pockets of normalcy and stability to project a narrative aligned with Russian interests.[i] This selective framing glosses over the broader devastation, serving as propaganda to counter Western critiques and bolster Russia's geopolitical stance. Such portrayals starkly contrast with the raw, unpolished footage captured by victims using mobile phones or compiled from authentic sources. These grassroots videos, often shared on social platforms, provide unmediated glimpses into the conflict's brutality, offering a counter-narrative to both Western and Russian media.

Support from Western outlets like The Guardian and Channel 4 News for Rania and Waad's documentaries underscores their credibility but also highlights tensions in global media dynamics. These collaborations reflect an attempt to amplify marginalised voices, yet they occur against the backdrop of Russia's longstanding rivalry with the West. This geopolitical friction shapes media

narratives, with Russia leveraging platforms like RT to challenge Western dominance in global discourse. The contrast between state-driven propaganda, Western media's selective framing, and the raw authenticity of victim-generated content underscores the complex interplay of power, perception, and truth in documenting the Syrian crisis.

As a result, the Syrian crisis has gained much attention and policy response from the global community. Most of the states have urged an end to the crisis. The international response has been multifaceted, encompassing humanitarian aid, diplomatic efforts, and media amplification of individual stories, such as those of refugees like Rania and Waad, which have galvanised public support for war victims.

Nations across the world have urged an end to the violence, with many contributing substantial resources to alleviate suffering. Humanitarian assistance has included food, medical supplies, and shelter for displaced Syrians within and beyond the country's borders. Countries like Turkey, Lebanon, and Jordan, hosting millions of refugees, have received international funding to support overburdened infrastructure. Development and economic aid have also been pivotal, focusing on rebuilding communities and providing livelihoods for displaced families. Stabilisation efforts, particularly in areas liberated from conflict, aim to restore security and governance, preventing further escalation. For instance, European nations and the United States have committed billions in aid through organisations like the United Nations High Commissioner for Refugees (UNHCR), targeting both immediate relief and long-term recovery.

The personal stories of refugees like Rania and Waad have humanised the crisis, resonating deeply with global audiences. After gaining asylum in Britain and the United States, respectively, both women shared their harrowing experiences through Western media outlets. Their interviews, broadcast on a famous media platform, detailed the loss, resilience, and hope that define the refugee experience. These narratives have sparked widespread empathy, driving donations to NGOs and influencing policy debates on asylum and resettlement. Rania's account of fleeing Aleppo and Waad's documentation of life under siege have become powerful symbols of the crisis, inspiring advocacy campaigns and fundraising efforts.

The global response, while significant, faces challenges, including political divisions and resource constraints. Yet, the combination of state-led aid, international cooperation, and the amplifying power of individual stories continues to sustain hope. By highlighting the human cost of the conflict, refugees like Rania and Waad have ensured that the Syrian crisis remains a priority, pushing the world to act with urgency and compassion.

Conclusion. First-person narrative documentaries have emerged as powerful vehicles for conveying the stark realities of the Syrian Civil War and its resulting refugee crisis, offering an unfiltered lens into the lived experiences of those directly affected. Unlike conventional documentaries, which may rely on third-party perspectives or editorialized narratives, the raw, unpolished footage captured by filmmakers like Rania Ali Mustafa and Waad Al-Kateab in *Escape from Syria: Rania's Odyssey* (2017) and *For Sama* (2019) provides an authentic portrayal of the trauma, resilience, and humanity of women navigating war and displacement. As both victims and storytellers, these women embody multiple roles—mothers, activists, refugees—infusing their narratives with a feminist perspective that challenges the often male-dominated depictions of conflict. The authenticity of their work stems from its immediacy: Rania's footage of fleeing ISIS-controlled Raqqa and Waad's documentation of life in besieged Aleppo capture visceral moments of destruction, fear, and hope. These films resonate globally because they humanise the 6.1 million Syrian refugees and asylum-seekers and 7.4 million internally displaced persons (UNHRC, 2024) by focusing on personal stories of loss and survival. By giving voice to their own experiences, Rania and Waad amplify the narratives of countless others, like Aylan Kurdi, the three-year-old Syrian boy whose lifeless body on a Turkish beach in 2015 became an iconic image of the refugee crisis, galvanising global outrage and empathy. Their documentaries demand attention to the ongoing Syrian crisis, challenging the international community to confront its failures in protecting vulnerable populations and fostering peace. These films are not just stories; they are calls to action,

exposing the human cost of political inaction and urging a reevaluation of global responsibilities toward refugees and war victims.

The courage of Rania and Waad to claim public space as Middle Eastern women filmmakers is a radical act in itself, given the systemic silencing of women's voices in both their region and global media landscapes. In a context where Middle Eastern women are often stereotyped as passive victims or marginalised in political discourse, their decision to wield media as a tool to narrate their experiences as war victims and refugees is both subversive and empowering. Rania, a Kurdish woman fleeing ISIS, and Waad, a mother documenting Aleppo's devastation, confront the erasure of their perspectives by presenting raw, unmediated truths that contrast with the often sanitised or agenda-driven portrayals of Western media. Their documentaries challenge the liberal democratic states of the West, which have frequently been reluctant to fully embrace Syrian refugees, as evidenced by restrictive policies in Europe and elsewhere. For instance, Rania's footage critiques the inhumane conditions of refugee camps and the bureaucratic barriers at borders, while Waad's work exposes the brutality of a war backed by foreign powers like Russia, raising questions about the West's complicity in prolonging the conflict. By sharing their stories, these women not only reclaim agency but also advocate for the millions of displaced Syrians, particularly women and children who remain voiceless. Their films serve as a bridge to global audiences, fostering empathy and challenging stereotypes, while highlighting the contradictions of Western liberal ideals that champion human rights yet often fail to extend them to refugees. This bold use of media underscores the transformative potential of visual storytelling in reshaping international perceptions and demanding accountability for the Syrian crisis. Through showing violence on screen, they tried to bring peace to Syria.

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CIVIL SOCIETY IN UKRAINE: TRANSFORMATION IN THE CONTEXT OF EUROPEAN INTEGRATION AND WARTIME CHALLENGES

ГРОМАДЯНСЬКЕ СУСПІЛЬСТВО В УКРАЇНІ: ТРАНСФОРМАЦІЯ У КОНТЕКСТІ РЕАЛІЗАЦІЇ КУРСУ ЄВРОПЕЙСЬКОЇ ІНТЕГРАЦІЇ ТА ВИКЛИКІВ ВОЄННОГО ЧАСУ

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Abstract. *The article examines the relationship between the processes of civil society development and implementation of European values in the context of Ukraine's European integration course. The article also highlights theoretical approaches to defining civil society as an autonomous social sphere functioning on the principles of self-organization and mutual responsibility. The basic principles underlying the concept of European values, such as respect for human dignity, freedom, democracy, rule of law, equality and solidarity are analyzed. The role of civil society organizations (CSOs) in promoting these values in modern Ukraine, in particular in wartime, is considered. Particular attention is paid to the transformational processes in public consciousness of Ukrainians to the strengthening of markers of European identity, which has gained new meaning as a result of the full-scale war. The article analyzes the current state of legal and regulatory support for the functioning of civil society institutions, including recently adopted laws of Ukraine, as well as the Roadmap on the Functioning of Democratic Institutions, which defines the direction of reforms in civil society development, the implementation of which is a prerequisite for starting negotiations on Ukraine's accession to the EU. The key challenges for the development of civil sector under martial law are identified and the potential for its participation in the implementation of European integration policy is outlined. Summarizing the research results, we can conclude that civil society in Ukraine, despite the difficult circumstances of wartime, demonstrates a growing institutional capacity and plays an important role in strengthening democratic practices, adapting European values and consolidating society.*

Keywords: *civil society in Ukraine, European values, legal framework of civil society.*

Abstract. *У статті досліджується взаємозв'язок між процесами розвитку громадянського суспільства в Україні та імплементацією європейських цінностей у контексті євроінтеграційного курсу держави. Висвітлюються теоретичні підходи до визначення громадянського суспільства як автономної соціальної сфери, що функціонує на принципах самоорганізації та взаємної відповідальності. Здійснено аналіз основних засад, на яких ґрунтується концепція європейських цінностей, як-от повага до людської гідності, свобода, демократія, верховенство права, рівність і солідарність. Розглянуто роль організацій громадянського суспільства у просуванні цих цінностей в сучасній Україні, зокрема в умовах воєнного часу. Особливу увагу приділено трансформаційним процесам у громадській свідомості українців, зокрема посиленню маркерів європейської ідентичності, що набуло нового значення внаслідок повномасштабної війни. У статті проаналізовано сучасний стан нормативно-правового забезпечення функціонування інститутів громадянського суспільства, включаючи нещодавно ухвалені закони України, а також Дорожню карту «Функціонування демократичних інституцій», яка визначає спрямованість реформ у сфері розвитку громадянського суспільства, реалізація яких є необхідною умовою для відкриття переговорів про вступ України до ЄС. Визначено ключові виклики для розвитку громадянського сектору в умовах воєнного стану та окреслено потенціал його участі у реалізації політики європейської інтеграції. Узагальнення результатів дослідження дозволяє зробити висновок, що громадянське суспільство в Україні, попри складні обставини воєнного часу, демонструє зростаючу інституційну спроможність і виконує важливу роль у зміцненні демократичних практик, адаптації європейських цінностей та консолідації суспільства.*

Ключові слова: *громадянське суспільство в Україні, європейські цінності, правова база громадянського суспільства.*

Introduction. The relevance of the article is due to the fact that in the context of the Russian-Ukrainian war, transformation challenges and implementation of Ukraine's European integration course, the analysis of the role of civil society as a tool for promoting and rooting European values is of particular importance. Current social and political processes require an updated scientific understanding of how the basic European values of freedom, equality, rule of law, and solidarity are implemented in Ukrainian society through the activities of civil society organizations and initiatives. At the same time, the state and potential of civil sector in wartime, when democratic practices face restrictions but at the same time retain an important function of social consolidation, need to be analyzed.

The scientific significance of the article is in a comprehensive interdisciplinary analysis of the relationship between the processes of Europeanization, and formation of civic identity and development of civil society institutions in modern Ukraine. The paper systematizes the main value principles of the European Union and attempts to determine the level of their implementation in the Ukrainian context. The article also summarizes the latest regulatory and program initiatives aimed at developing the civil sector. The attitudes of public consciousness in terms of perception of European values are analyzed based on the latest sociological data.

The proposed conclusions have practical significance for further research in political science, sociology, law and European integration policy, and can be used in the development of state strategies to support civil society in wartime.

The purpose of the research. The purpose of the article is to comprehensively study the role of European values in the formation and development of civil society in Ukraine in the context of the European integration course, transformational changes and martial law. The focus is on the analysis of the mechanisms through which civil society institutions contribute to the consolidation of the European community's value orientations in the political, legal and social life of Ukrainian society. The research aims not only at theoretical generalization, but also at practical

understanding of the potential of civil sector as a driver of democratic change and a guarantor of social stability in the context of the Russian-Ukrainian war.

To achieve this goal, it was necessary to analyze the concept of civil society, its functions and nature of its interaction with state institutions on the basis of modern European approaches; to determine the components and content of the European values forming the basis of the European Union's identity and to consider them as a methodological basis for analyzing transformation processes in Ukraine.

The research tasks also include the need to study the dynamics of transformation of public opinion on the European identity of Ukrainians, based on sociological research, and to determine social and cultural barriers to the implementation of European standards; to analyze the latest legal acts and strategic documents that regulate the functioning of civil society organizations in Ukraine, in particular in terms of ensuring public consultations, local democracy and transparency of governance; to study the specifics of functioning of civil society under martial law, in particular in volunteering, humanitarian response, veteran support, human rights protection, and mobilization of local communities, and to assess the level of its institutional capacity.

Literature review. Among the most important research studies analyzing the current problems of civil society organizations in wartime are analytical reports of the National Institute for Strategic Studies (State of development, 2024). These studies analyze the challenges faced by civil society in wartime, political and legal framework for the functioning of civil society, current problems of forming a network of civil society organizations, and specifics of communication between them and the authorities. It is also worth noting large-scale sociological research “Civil society of Ukraine in the context of war” conducted by Kyiv International Institute of Sociology (Civil society, 2024). This research is devoted to a comprehensive sociological analysis of such aspects of the functioning of civil society organizations as the level of public trust in them, volunteering, provision of social services, assessment of communication with the authorities, and CSOs' involvement in international advocacy. The results of an expert survey of CSO representatives on the needs of public sector in wartime, conducted by the East Europe Foundation, are important for understanding the complex of problems analyzed in this article (Needs and Challenges, 2023). The subject of the analysis was the changes in CSOs that occurred with the beginning of war, the problems faced by CSOs in their activities, and the assessment of CSO project activities and organizational capacity. It is appropriate to point to the research “The impact of martial law on public participation in Ukraine” conducted by the Council of Europe, which analyzes the specifics of interaction between civil society organizations, community residents and local self-government authorities (Impact of martial law, 2022). However, the problems of the role of European values in the development of civil society in Ukraine and their impact on transformational changes in wartime remain inadequately studied in many aspects. This article is devoted to the analysis of these problems.

Main Research Results

European values and development of civil society

The term “civil society” is usually understood as an activity carried out by individuals or social groups that are not governed by state institutions. The European Economic and Social Committee in its Resolution “The role and contribution of civil society organizations in the building of Europe” defines several components of civil society (Opinion, 1999). This is a cultural process, which refers to a certain code of values applied to members of society. Pluralism for each member of the community or various social groups. Autonomy, when institutions independent of the state protect their values. Civil society is also based on a “culture of solidarity,” which is manifested in the willingness to limit one's own interests and take on obligations for the common good.The basic component of civil society is public consciousness, which is based on communications focused on public opinion. The substantive characteristics also include a guarantee of citizens' participation in political institutions and the activities of public initiatives and interest groups. The Resolution defines that the fundamental elements of civil society include education that helps to transmit basic values; responsibility, since civil society is a place where its

members are responsible to each other, and subsidiarity, when the key role in social practices is assigned to basic link of social system.

The EU defines civil society organizations as a set of organizational structures whose members share common goals and responsibilities in the public interest, and act as intermediaries between the authorities and citizens. According to this Resolution, civil society organizations include: labor market participants (social partners); organizations representing social and economic participants who are not partners; non-governmental organizations uniting people for a common cause (environmental organizations, human rights associations, consumer associations, charitable organizations, etc.); public organizations established to achieve certain goals (youth organizations, family organizations, etc.), in which citizens participate in local and municipal life; religious communities.

The Articles 1-2 of the Treaty of Lisbon, which establishes the European Union, define the fundamental values of the Union, which is based on the values of respect for human dignity, freedom, democracy, equality, rule of law, and respect for human rights, including the rights of persons belonging to minorities. The Treaty states that these values are common to states where pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail. These articles of the Treaty state that the purpose of the European Union is to promote its values and the well-being of its peoples. In its relations with other countries, the EU supports and promotes its values and interests (Treaty, 2007). Despite the fact that there is no single "canonical" list of European values, most researchers agree that the basic legal constructs of European values are enshrined in the above Treaty and the European Convention on Human Rights (European Convention).

According to the results of the study "Finding a new consensus on European civil society values and their evaluation" conducted under patronage of the European Economic and Social Committee, European values are the basis of the European Union (European, 2020). According to the authors of the study, the EU is more than just an economic project, it is a union of values, the sustainability of which depends on the daily work of civil society organizations in the EU Member States. The study proves that the values of democracy, rule of law and solidarity are fundamental to the work of civil society organizations in the EU and play a key role in building an inclusive and just society. This study analyzes the difficulties in implementing European values in EU countries. In particular, these include the spread of populism and extremism, financial constraints, and a lack of understanding of solidarity, which is sometimes perceived mainly as local or national rather than pan-European.The results show that there are significant differences in the implementation of these values across European countries. In Western Europe, countries demonstrate a stable environment for civil society, while in Eastern and Southern Europe, organizations face political pressure, limited civic space, and lack of funding. At the same time, the key role of civil society organizations in promoting values is emphasized. It is concluded that European values, in particular democracy, rule of law and solidarity, are the fundamental for activity of civil society organizations and contribute to the development of inclusive, democratic and sustainable societies. Despite the different legal and social environments in EU countries, European values remain a common reference point for most civil society actors.

For the conditions of Ukraine, it is important to conclude that, despite the differences in the functioning of civil society organizations (CSOs) in different European countries, they continue to play a crucial role in promoting European values, facilitate citizen engagement in decision-making, and provide oversight of government activities. The European experience of CSOs is valuable for Ukraine in the context of its European integration course, as the activation of activity of public sector will contribute to implementing reforms, promoting civic participation and strengthening democratic institutions.

The functioning of civil society is the most favorable environment for implementation of basic European values, such as respect for human dignity, freedom, democracy, equality before the law, rule of law and protection of minority rights. At the same time, the affirmation of these values in social and administrative practice is directly related to the activities of civil society institutions.

Therefore, existence of an effective civil society is essentially the alter ego of the embeddedness of these European values in society. Civil society is formed precisely because there is freedom and pluralism in society, which are protected by law, and there is an awareness of their value. Therefore, in authoritarian regimes, civil society structures exist as a form of imitation, not as a space for uniting citizens' activities to achieve socially significant goals.

Therefore, when we talk about the need for Ukrainian society to master European values on the way to implementing Ukraine's European integration course, we mean, first of all, the mastery of certain European values as fundamentals of social practice, including the development of civil society organizations. Today, Ukrainian society is at the stage of forming an effective civil society, and thus mastering the practical significance of European values.

It must be noted that understanding of such phenomena as democracy, equality before the law, rule of law, minority rights, pluralism and their implementation in social practice is much more complicated by the specifics of wartime, which means that during this period some rights and freedoms are restricted according to the current legislation for security reasons. However, despite these restrictions, the process of implementing European values continues, and democratic practices are limited but not stopped. Civil society, as a sphere of social activity autonomous from the state, continues to function, which in turn contributes to consolidation in wartime.

The dramatic consequences of the Russian-Ukrainian war became a catalyst for Ukrainian society to realize the fundamental values of the European community. The aggressor's aggressive actions and genocidal policies aimed at destroying Ukrainians clearly demonstrated the importance of preserving Ukrainian identity. In this context, it is worth mentioning the PACE Resolution “Countering the erasure of cultural identity in war and peace” (2024), which states that Russia uses “cultural cleansing” as a weapon to destroy cultural identity, values, historical heritage, literature, traditions and language. The Resolution defines such actions as war crimes and crimes against humanity, and that they indicate a genocidal intent to destroy Ukrainian identity and culture. As stated in the Resolution, these actions are a genocidal campaign by the Russian Federation against the Ukrainian people (Countering , 2024).

Based on the above definitions, civil society can be understood as a social and economic sphere autonomous from state institutions, which functions on the principle of self-organization of citizens. In this context, civil society is in a relationship with the state, depending on the historical context. It can be a confrontation in authoritarian states, or it can be a partnership in a democratic state. For its part, the state can either hinder the development of civil society or support its formation.

This approach to understanding civil society is directly connected with the development of democratic practices in post-totalitarian countries. This aspect is relevant for Ukraine, where activity of civil society organizations contributes to the establishment of democratic practices, especially at the local level.

The development of civil society is of particular importance in the context of the European integration course, when state institutions are being transformed and fundamentals of the state of law are being formed. In fact, the problems of development of civil society in modern Ukraine are more often studied in this problematic range. Namely, in the context of CSOs' contribution to the implementation of European social and political practices.

Perception of European values in public opinion

In the context of the topic of our research, we will analyze the dynamics of Eurocentric markers of Ukrainian identity. The social and economic transformation processes that took place after Ukraine gained state independence contributed to the destruction of ideological attitudes on which the idea of the “Soviet type of person” was based, and to the formation of markers of new Ukrainian identity. It was a complex and controversial process of establishing national self-determination of Ukrainians and awareness of themselves as Europeans.

Over the past decades, Ukraine has been undergoing a process of strengthening civic identity. According to monitoring studies of the Institute of Sociology of the National Academy of Sciences of Ukraine, in 1992, only 46% of respondents associated their primary identification

with Ukrainian citizenship, while in 2023, 80% of respondents indicated this (Ukrainian society, 2023. p. 331).

The Eurocentric component of Ukrainian identity is gradually developing: in 2005, 36% of respondents said that they feel like Europeans, in 2023, the number increased to 51%. At the same time, the processes of strengthening both national and Eurocentric cultural identification continue. According to Razumkov Center, in 2006, 7% of respondents said that they identify themselves with a pan-European cultural tradition, while in 2023 this figure was 10%. Accordingly, in 2006, 56% of respondents identified themselves with Ukrainian cultural tradition, in 2023 their number increased to 81% (Identity, 2023).

The European vector of development is associated with ideas about the future. The results of Razumkov Center's survey show that in 2006, 16% of respondents believed that a pan-European cultural tradition would prevail in Ukraine in the future (in 20-25 years), compared to 24% in 2023. The process of strengthening Eurocentric markers in public consciousness contributed to the formation of a critical majority of supporters of Ukraine's pro-Western course in society. According to the Sociological Group "Rating", 85% of Ukrainians support joining the EU, 82% – NATO (All-Ukrainian survey, 2023).

At the same time, the process of Europeanization is associated with considerable mental and socioeconomic difficulties. For example, according to a survey conducted by Razumkov Center in 2023, 43% of respondents did not feel like Europeans. Among the reasons why they do not identify themselves as Europeans, 56% of these people indicated a low level of kindness, 21% indicated a low level of culture and education, 32% – "non-European" consciousness, 39% – language barriers, 45% – social and cultural living conditions, 23% – religious identity [13]. Data from monitoring studies by the Institute of Sociology of the National Academy of Sciences of Ukraine show that public consciousness maintains a fairly high level of commitment to authoritarian political attitudes. Thus, 57% (2021) of respondents believed that "a few strong leaders can do more for the country than all the laws and discussions" (Ukrainian society, 2021. p. 636).

Unfortunately, this trend continues to this day. For example, according to the results of 2025 survey, despite the fact that the European model of social order is attractive to most Ukrainians, a significant number of respondents (69%) nevertheless believed that a political system with a "strong leader who is independent of parliament and elections" is quite suitable for Ukraine (Red Lines , 2025).

Social surveys suggest that in recent years, Ukrainian society has been increasingly committed to the European integration course and gradually strengthening the markers of European identity. At the same time, there are no reasons to assert that Ukrainians at some point all at once became carriers of European identity, as there are mental and socioeconomic factors that currently prevent this from happening. The potential for adherence to authoritarianism still persists in the public consciousness. The social and political orientations of Ukrainians are largely vague when it comes to basic guidelines of social development. Therefore, Ukrainian public opinion is going through a stage of comprehending the content of European identity. Martial law has accelerated this process in many ways, making society more united in its resistance to aggression. But there is still serious humanitarian and cultural work ahead to implement identity policy, which should be aimed at mastering European values (Valevskyi, 2024). In this regard, support for the development of civil society is one of the important aspects of forming the components of the European identity of Ukrainians.

Legal and regulatory initiatives for the development of civil society institutions

The agenda includes a set of issues related to the need to develop a legal framework for the functioning of civil society. As noted by the European Economic and Social Committee (EESC), when assessing the role of civil society in the context of Ukraine's European aspirations after Euromaidan, the activities of civil society institutions are an important factor in the context of implementing the objectives of the EU-Ukraine Association Agreement. EESC emphasized the need to invite a wide range of Ukrainian civil society to participate in cooperation to promote

political, social and economic consolidation of Ukraine on the way to realizing its European aspirations. To implement the objectives of the Association Agreement, EESC recommended developing bilateral cooperation between partner civil society organizations in the EU and Ukraine to share best practices and strengthen social and civic dialogue. In particular, according to the provisions of the EU-Ukraine Association Agreement, a joint Civil Society Platform was established, which included EESC members and representatives of Ukrainian civil society. The main purpose of the Platform was to monitor the implementation of the Association Agreement and to accept proposals from civil society on its implementation (Opinion, 2015). Subsequently, the EU-Ukraine Civil Society Platform took part in the process of monitoring the implementation of the Ukraine Facility Plan and ensuring the implementation of reforms (Ukraine Facility, 2025).

As Ukraine gained EU candidate status, the importance of developing civil society institutions was raised to a new level. In May 2025, the Cabinet of Ministers of Ukraine approved roadmaps on the reforms in the areas of rule of law, public administration, and functioning of democratic institutions. The development and approval of these documents is a prerequisite for starting negotiations on Ukraine's accession to the EU.

The Roadmap on the Functioning of Democratic Institutions defines a set of measures to strengthen and develop democratic processes in Ukraine and covers four areas: overall framework of democracy; electoral process; functioning of parliaments within a democratic system; role of civil society (Ukraine has approved, 2025). The document was the result of cooperation between 40 government agencies, 25 civil society organizations and international technical assistance projects, which was coordinated through expert consultations and discussions with the European Commission.

In the said Roadmap, section Role of Civil Society contains 35 measures aimed at:

– adopting documents on the development of civil society and implementation of European standards in the functioning of civil society organizations;

– ensuring public consultations and involving civil society in public policy making;

– implementing modern standards of transparency in the activities of state authorities;

– promoting the development of volunteering and other forms of public participation, including local democracy;

– improving the mechanism for providing financial support to civil society institutions and improving the conditions for their provision of social services;

– facilitating interaction between civil society and law enforcement and prosecution authorities.

The implementation of these measures will contribute to the formation of a more developed legal framework for the functioning of civil society institutions according to the practice of European countries. The implementation of the measures set out in the Roadmap will also make it possible to implement the best European practices in the activities of Ukrainian public associations.

An important event in the development of legal framework for CSOs was the definition of the list of legal acts planned for approval in 2025-2026 Action Plan for Promoting Civil Society Development in Ukraine for 2021-2026 (On Approval, 2025). The plan defines 34 different tasks aimed at strengthening the functioning of CSOs – from developing the volunteer movement and improving the mechanisms of local democracy to inter-sectoral cooperation.

Among the urgent tasks of developing the legal framework for the functioning of CSOs, which are formulated in the said Plan, it is advisable to pay attention to taking measures to ensure the adaptation of Ukrainian legislation on public participation in the formation and implementation of state policy and solving local issues to the legislation of the European Union. According to this task, proposals for amending legal and regulatory acts should be developed to adapt them to EU legislation.

Thus, the agenda includes the task of timely approval of legal acts specified in these program documents. This will be a significant test for Ukrainian politicians and public figures of their ability to implement systemic reforms.

It is worth noting that the Parliament of Ukraine adopted a number of new laws that significantly expand the legal space for civil society organizations, giving them more opportunities to influence decision-making at the local and national levels.

In this context, first of all, it is necessary to point out the Law of Ukraine On Amendments to Certain Laws of Ukraine On Local Self-Government, which amended the current legislation defining the mechanisms for exercising the rights of Ukrainian citizens and public associations to participate in local self-government, and to receive information on the activities of local self-government authorities and officials (On Amendments, 2024). This Law expands the forms of participation of territorial community in resolving local issues through a local referendum, general meeting of community residents, and public hearings. It provides for the participation of community residents in planning and allocating local budget funds, conducting public consultations, and participating in advisory and consultative self-government authorities. A significant innovation of the new Law is that it defines a mechanism for public assessment of the activities of local self-government authorities and officials. According to the approved Law, local authorities are obliged to provide organizational and technical assistance in conducting all forms of public participation. In general, it can be noted that the adoption of this Law was a significant step in the development of local democracy. The implementation of its innovations will help to expand the influence of mechanisms oflocal democracy and public participation on the practice of self-government, and to increase the effectiveness of influence of community residents on self-government authorities.

The adoption of the Law on Public Consultations in 2024, which is one of the structural beacons of the Ukraine Facility program, was of great importance for the development of civil sector (Public Consultations, 2024). The approved Law defines the principles of citizen participation in decision-making by government and local self-government authorities through consultations and discussions, in particular when adopting regulatory legal acts, strategic decisions, or programs. Prior to the adoption of this Law, consultations were mandatory for state authorities and only advisory for local self-government authorities. However, these requirements were often ignored. The new Law stipulates that public consultations must be conducted by all executive, local self-government and other public authorities. The Law determines the procedure for initiating and conducting consultations, forms and tools for public participation in consultations (meetings, surveys, public hearings, electronic consultations), and the terms of discussions and mechanisms for taking proposals into account. It is planned to create a single online platform for interaction with citizens and civil society organizations. The adopted Law provides a comprehensive approach to the development of legal framework for CSOs, creating conditions for cooperation between citizens and government.

There is an urgent need to update the regulatory framework for the activities of public councils under the executive authorities. This conclusion follows from a separate study of the activities of public councils conducted by the Secretariat of the Cabinet of Ministers with the support of OSCE in October 2024 (Report on the results, 2024). According to the study results, as of mid-2024, public councils functioned under the vast majority of central executive authorities and regional state administrations. At the same time, about a third of public councils, during all the years of their activity, did not perform a number of functions that they are supposed to perform (submitting proposals for organizing public consultations, resolving problematic issues in government activities, drafting regulatory legal acts, etc.). The study also revealed a number of problems in the relations between the authorities and public councils. In particular, it was found that only about half of the executive authorities provide public councils with draft regulatory legal acts on which public consultations are held. There are significant problems in establishing feedback, and the authorities often ignore the conclusions and proposals of public council. It is concluded that public councils in their current form do not properly fulfill advisory and consultative functions for which they were created.

Based on the study conducted, representatives of the executive authorities and public councils who participated in the study developed a number of proposals for changes in the

functioning of public councils. The proposals were put forward regarding the need for changes in the regulatory documents defining the mechanisms for the formation of public councils. The implementation of the proposals will require a significant update of the regulatory documents defining the mechanisms for the formation of public councils, their scope of competence and functions.

Functioning of CSOs in wartime

In the context of the Russian-Ukrainian war, the role of civil society organizations has significantly increased, as they took part in supporting national resistance, protecting democratic values and ensuring the resilience of Ukrainian society. The activities of Ukrainian CSOs in wartime have a wide range of directions: various forms of humanitarian response to the consequences of hostilities (providing medical care to the affected population, including psychological support, providing food, hygiene kits, non-food items, assistance to internally displaced persons), support for local democracy, cultural and youth policy, and various forms of veteran support.

As of December 2023, 208.3 thousand non-profit organizations were registered in Ukraine, almost 10% of which were charitable foundations, and 27.6% were various public associations. Almost 7 thousand people were registered in the Register of Volunteers of Ukraine. In general, the number of charitable organizations increased by 43% in 2021-2023 (State of development, 2024).

The overall assessment of the capacity of public sector in Ukraine is assessed using the Civil Society Organization Sustainability Index, which is based on seven indicators: 1. legal environment; 2. organizational capacity; 3. financial viability; 4. advocacy; 5. service provision; 6. sectoral infrastructure; 7. public image. The assessment uses a scale from 1 to 7 points, where 1 is the most enhanced CSO sustainability and 7 is the most impeded CSO sustainability. According to the study conducted by the Ukrainian Center for Independent Political Research, the Sustainability Index in 2023 was 3.0 points, which shows a slight improvement compared to 2022, when the index was 3.1 points. The increase in CSO Sustainability Index compared to 2022 was due to a slight increase in three indicators, which increased by 0.1 points, namely, CSO's organizational capacity – 3.0 (3.1 in 2022); service provision – 2.9 (3.0 in 2022); and sectoral infrastructure – 3.0 (3.1 in 2022). Other indicators (legal environment, financial viability, advocacy, and public image) remained unchanged during the study period (CSO Sustainability, 2023). Thus, despite the difficulties of wartime, civil society organizations manage to maintain their ability to operate effectively.

In general, the activities of civil society organizations in wartime proved their effectiveness, serving as a guarantee of national resilience and mobilization of Ukrainians. The civil society organizations in wartime invariably have a fairly high level of trust among the population. For example, in pre-war 2021, 47% of respondents in a sociological survey conducted by Razumkov Center said they trusted CSOs. Since the beginning of the full-scale invasion, the level of trust has increased and amounted to 59% in 2024 and 61% in 2025 (Assessment of the situation, 2025).

In October 2024, the European Commission presented Ukraine 2024 Report, which provides a detailed assessment of the state of reforms implemented in the context of European integration (Ukraine Report, 2024). Regarding the state of civil society, the Report states that despite the difficult wartime conditions, CSOs in Ukraine continue to contribute to the resilience of society by helping to fulfill many social functions. It is noted that civil society remains a key element of Ukrainian democracy. Ukraine has a policy and legal framework to facilitate the activities of volunteer CSOs. It is claimed that despite the restrictions imposed during martial law, CSOs continue to operate relatively unhindered.The registration of non-governmental organizations is simple, affordable and transparent, however, there are cases when excessive bureaucratic requirements and inspections by various state authorities during the registration process can create delays and difficulties for CSOs in practice. However, in the broader context, there is constructive cooperation between the authorities and CSOs. At the same time, the Report indicates that the number of reports of pressure on civil society organizations and investigative journalists has increased since 2023. This includes threats and intimidation of journalists, social activists, and

lawyers. It is noted that these cases are being investigated by the National Police and the Security Service, and government officials publicly condemn these actions and claim an impartial investigation. It is emphasized that measures to ensure the safety of social activists should continue to be taken.

The Report notes that the Ukrainian government expanded its state funding programs for CSOs. Several strategic documents were approved, the implementation of which promotes the involvement of civil society. It is noted that in June 2024, the Law on Public Consultations was adopted, which requires broad and mandatory consultations by state authorities and local self-government authorities when making decisions.

Conclusions

1. European values are the fundamental for the development of civil society, forming its normative and value basis and determining the priorities of social interaction in democratic states. The implementation of fundamental European values in social and governance practices is a guideline for EU candidate countries, including Ukraine. In the context of Ukraine's European integration, the implementation of basic European values (respect for human dignity, freedom, democracy, rule of law, and solidarity) is of key importance for the institutionalization of civil society.

2. It is proved that the activity of civil society organizations in Ukraine is becoming increasingly important in the process of implementing the European integration course. The role of CSOs is manifested in supporting reforms, participating in public policy making, ensuring social mobilization and protecting democratic principles in wartime. Despite a number of objective constraints inherent in wartime, civil society organizations demonstrate adaptability and institutional sustainability.

3. In the context of the Russian-Ukrainian war, civil sector performs not only the functions of humanitarian response, but also of consolidating society, protecting its value identity and legitimizing the European choice. The spread of attitudes about European values as an alternative to aggressive authoritarianism helps to strengthen the pro-Western course in public consciousness. Our research proves that civil society organizations in Ukraine retain their ability to act as subjects of mobilization, humanitarian response and protection of democratic values despite the challenges posed by the war.

4. The analysis of trends in public opinion shows a growing level of support for European integration among Ukrainians, and a gradual strengthening of the Eurocentric component of civic identity. At the same time, mental barriers remain – significant part of the population does not identify themselves as bearers of European values, while maintaining fondness for authoritarian models of governance. This makes it necessary to implement cultural and humanitarian work aimed at implementing European values in public consciousness of Ukraine.

5. The legal framework for the functioning of civil society organizations is actively developing, including the adoption of important legal acts aimed at developing the practice of public consultations and expanding the institution of local democracy. The agenda includes the implementation of the tasks for the development of civil society set out in the approved Roadmap on the Functioning of Democratic Institutions (2025). Achieving these benchmarks creates conditions for institutionalizing public participation in governance processes at various levels, and is a prerequisite for starting negotiations on Ukraine's accession to the EU.

6. Currently, civil society organizations in Ukraine operate in a complex context that combines democratic aspirations with the challenges inherent in martial law (restrictions on rights, lack of resources). CSOs play a critical role in promoting European values. They facilitate citizen engagement in decision-making processes, provide oversight of government activities, protect human rights, and support social solidarity, which in Ukraine is primarily focused on overcoming the trauma of the Russian-Ukrainian war and supporting vulnerable groups of the population.

7. The activities of civil society organizations are currently an important tool for the implementation of European values in Ukrainian society. Successful implementation of European values in the practice of public administration, social interactions and political participation is

impossible without strengthening the civil sector. Therefore, ensuring the further development of civil society is a prerequisite not only for meeting criteria for Ukraine's EU membership, but also for building a sustainable, inclusive and democratic state in the postwar period.

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POLICY OF COLLECTIVE WEST ON MILITARY ASSISTANCE TO UKRAINE

ПОЛІТИКА КОЛЕКТИВНОГО ЗАХОДУ ЩОДО ВІЙСЬКОВОЇ ДОПОМОГИ УКРАЇНІ

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Abstract: *Since the beginning of russia's aggression against Ukraine in 2014, and especially after the full-scale invasion in 2022, the policy of the Collective West on military assistance to Ukraine has undergone a significant transformation. The article systematically analyzes the evolution of the leading Western countries' (NATO, EU, G7) approaches to supporting Ukraine in the military and defense sphere in 2014-2025. The main stages of change are identified: from symbolic non-lethal support to large-scale supplies of modern weapons and training. The motivating factors of the West's policy - geopolitical interests, principles of international law, humanitarian obligations, internal political dynamics and the threat of revisionism - are investigated. Special attention is paid to institutional mechanisms of coordination and the influence of public opinion, media and economic factors on decision-making. It is concluded that military assistance to Ukraine has become not only a tool for responding to the crisis, but also an important factor in the formation of a new Euro-Atlantic security architecture, in which Ukraine is an active actor in the transformation of regional security.*

Keywords: *military assistance, Collective West, Ukraine, NATO, security policy, full-scale invasion, Euro-Atlantic security*

Анотація*: Від початку агресії росії проти України у 2014 році, а особливо після повномасштабного вторгнення 2022 року, політика Колективного Заходу щодо військової допомоги Україні зазнала суттєвої трансформації. У статті системно проаналізовано еволюцію підходів провідних країн Заходу (НАТО, ЄС, G7) до підтримки України у військово-оборонній сфері в 2014–2025 роках. Визначено основні етапи змін: від символічної нелетальної підтримки до масштабного постачання сучасного озброєння та підготовки кадрів. Досліджено мотиваційні чинники політики Заходу — геополітичні інтереси, принципи міжнародного права, гуманітарні зобов'язання, внутрішньополітичну динаміку*

та загрозу ревізіонізму. Окрему увагу приділено інституційним механізмам координації та впливу громадської думки, медіа й економічних факторів на ухвалення рішень. Зроблено висновок, що військова допомога Україні стала не лише інструментом реагування на кризу, а й важливим чинником формування нової євроатлантичної безпекової архітектури, у якій Україна виступає активним суб'єктом трансформації регіональної безпеки.

Ключові слова: *військова допомога, Колективний Захід, Україна, НАТО, безпекова політика, повномасштабне вторгнення, євроатлантична безпека.*

Introduction. Russian aggression against Ukraine, which began on February 20, 2014 with the annexation of Crimea and the outbreak of the conflict in Donbas (Armyinform, 2023), and especially its full-scale invasion on February 24, 2022, have significantly transformed Europe's security architecture. In the context of a large-scale armed conflict, military support from Western countries has become unprecedentedly important: it has become not only a tool to support Ukraine, but also a mechanism to curb the revisionist ambitions of the russian federation.

There is no unified interpretation of the concept of "military assistance" in the scientific literature. Most often, it is seen as assistance to an ally or partner country in defense efforts or to preserve territorial integrity. In some cases, military assistance may also be provided to counter internal armed threats, including insurgencies. It can include the supply of weapons and equipment, as well as the provision of funding, training or technical support (Ivasechko, Lopushanskyi, 2023). Analyzing the evolution of the Collective West's policy on military and defense assistance to Ukraine is key to understanding current challenges to Euro-Atlantic security. Despite the existence of a number of studies on certain aspects of international support, a comprehensive analysis of changes in the strategies of the leading Western powers in 2014-2025 is still limited.

For the purposes of this study, the term "Collective West" refers to the leading democracies that share the values of the liberal international order and coordinate policies within structures such as NATO, the European Union, and the Group of Seven (G7). The G7 is an informal international grouping of the world's most socially and economically developed countries: Canada, France, Germany, Italy, Japan, the United Kingdom, the United States, and the United States (Velyka simka, n.d.). These states are key donors of military aid to Ukraine and play a crucial role in shaping a common approach to deterring russian aggression.

In the context of a large-scale armed conflict, military support from Western countries has become unprecedentedly important: it has become not only a tool to support Ukraine, but also a mechanism to curb the revisionist ambitions of the russian federation. However, it is important to realize that a solely defensive strategy without changing the dynamics of the conflict carries significant risks, as a potential "freezing" of the conflict would fix the occupation of part of Ukraine's territory, leaving millions of Ukrainians under Russian control, and threatens future destabilization (Sydoruk, Pavliuk, Avhustiuk, 2023). This emphasizes the need for a deeper understanding of the policy of the Collective West. Analyzing the evolution of the Collective West's policy on military and defense assistance to Ukraine is key to understanding current challenges to Euro-Atlantic security

After the start of russia's full-scale invasion of Ukraine in 2022, the volume of bilateral military assistance increased significantly. Many NATO countries provided Ukraine with lethal weapons, including offensive weapons, for the first time. For states such as Germany and historically neutral countries such as Sweden, this meant a fundamental revision of previous defense policies (Mills, 2025).

The purpose of the article is to analyze the transformation of the Collective West's military support policy for Ukraine in the period 2014-2025, as well as to identify the key motivations, institutional mechanisms and strategic implications of this policy.

The main objectives of the study include:

1. Identify the stages of evolution of the West's approach to military support for Ukraine;
2. Analysis of foreign policy, security, legal and humanitarian factors that influenced these processes;

3. Assessment of Ukraine's role as an active participant in the transformation of regional security.

Literature Review. Since the beginning of russian aggression in 2014, and especially after the full-scale invasion in 2022, the policy of the Collective West on military assistance to Ukraine has undergone significant transformations. In 2025, Charlie Mills emphasized that at the initial stage, the support was mostly symbolic and focused on non-lethal aid (Mills, 2025). However, since 2022, the scale of military support has increased significantly: in particular, modern lethal weapons were provided and large-scale training of the Ukrainian military was organized (Velykasimka, n.d.).

In 2024, Andriy Buzarov argued that the Ramstein initiative, which brought together more than fifty states and became the main platform for discussing and making strategic decisions, was a key factor in coordinating international aid (Buzarov, 2024). At the same time, Kim and Ukrainets noted that the motivating factors of Western policy are geopolitical interests, adherence to the principles of international law, humanitarian obligations, as well as domestic political and economic dynamics in donor countries (Kim, Ukrainets, 2022).

Yevheniia Kravchuk emphasized that Ukraine is gradually transforming from an object of military assistance to an active actor in regional security, which is important for the formation of a new Euro-Atlantic security architecture (Kravchuk, n.d.). Similarly, a 2024 study on the impact of political decisions on international support for Ukraine noted that military assistance has become a multidimensional process with long-term strategic implications for the security environment in Europe (Shapovalova, 2024).

Back in 2015, Scott Wolford considered military coalitions as an important instrument of international politics, which helps to explain the dynamics of modern support for Ukraine (Wolford, 2015). An analysis of Canada's experience with Operation Unifier also confirms the importance of a systematic approach to military training and cooperation (Government of Canada, 2021).

Thus, the scientific literature shows that the policy of military assistance to Ukraine is a complex and multifaceted phenomenon that is shaped by various internal and external factors and is of great strategic importance for the security of the Euro-Atlantic space.

Methodological basis. The methodological basis of the study is a combination of systemic, institutional and comparative approaches that provide a comprehensive analysis of the evolution of the Collective West's policy on military assistance to Ukraine.

The systemic approach allows us to consider the interconnection of political, security, economic and humanitarian factors that determine the dynamics of Western support. This approach makes it possible to study the processes of transformation of the Euro-Atlantic security architecture in the context of russian aggression against Ukraine.

The institutional approach allows us to analyze the role of international organizations such as NATO, the EU and the G7 in shaping, coordinating and implementing decisions on military assistance. This helps to identify key institutional mechanisms that ensure the effectiveness of support and its adaptation to new security challenges.

The comparative approach is used to study the different stages of the evolution of military support to Ukraine from the West (2014-2016, 2017-2021, 2022-2025). This makes it possible to identify differences in the scale, nature and priorities of assistance in different phases of the conflict.

In addition, the study is based on the analysis of official documents of international organizations, statements of political leaders, and expert opinions, which form the empirical basis of the study. The content analysis of these sources allows us to identify key trends in the policy of the Collective West and to substantiate the factors that influence decision-making.

The combination of these methodological approaches makes it possible to conduct a comprehensive study of the transformation of the policy of Western military assistance to Ukraine and to reveal its strategic importance for the security architecture of Europe.

Main results of the research.

Initial stage (2014-2016). After the start of russian aggression against Ukraine in 2014, the Collective West's response in the area of military support was restrained and limited to non-lethal

means. The main areas of assistance included the provision of protective equipment, medical kits, body armor, helmets, and training missions. The Operation Orbital program launched by the UK in late 2014, which trained more than 22,000 Ukrainian soldiers at the Yavoriv training base, was particularly valuable (House of Commons Library, n.d.).

The reasons for this limited support were complex. First, Western governments were dominated by an approach that did not allow for conflict escalation, and therefore they preferred sanctions and diplomacy to lethal weapons. Second, Ukraine's lackluster military governance, as well as weaknesses in defense reform and high levels of corruption, have also deterred significant military assistance.

At the institutional level, the most important instrument was the creation of the Comprehensive Assistance Package (CAP) by NATO in 2016. It included six trust funds that opened 40 areas of cooperation aimed at reforming the defense sector, ensuring cybersecurity, developing logistics, medical care, and other critical areas - although the amount of funding remained symbolic compared to the needs of the Armed Forces (Center for Strategic and International Studies, n.d.).

Although the support in those years was mostly non-lethal, it paved the way for Ukraine's further integration into NATO standards, increased structural cooperation, and professionalization of the Ukrainian security forces. This period laid important foundations for a further transition to more active forms of cooperation.

Expanding cooperation and building momentum (2017-2021). In the period 2021-2021, middle Western states, including the United Kingdom, Canada, Poland, and the Baltic states, played a key role in strengthening Ukraine's defense capabilities through specialized military training and support programs. These countries have initiated a number of long-term operations that have had a significant impact on the capabilities of the Ukrainian Armed Forces.

The United Kingdom has deployed Operation Orbital, launched in 2015, which will train more than 17,500 Ukrainian military personnel by 2019. The main purpose of the operation was to improve the tactical, technical and medical training of the Ukrainian Armed Forces, as well as to strengthen interoperability with NATO. Similarly, Canada has provided training to more than 22,000 Ukrainian troops through Operation Unifier from 2015 to 2021. The program covered both basic training and specialized courses on countering asymmetric threats, which was a key factor in improving the combat capabilities of Ukrainian troops (Government of Canada, 2021).

Poland, having a strategic interest in deterring Russian aggression on its eastern border, has also significantly expanded military cooperation with Ukraine. In 2017, a number of bilateral agreements were signed on joint exercises, exchange of experience, and supply of military equipment. Poland provided not only lethal and non-lethal weapons, but also helped modernize Ukraine's logistics and defense industry.

The Baltic states-Lithuania, Latvia, and Estonia-supported Ukraine through ongoing training programs and the transfer of expertise, especially in the areas of cybersecurity and countering hybrid threats. They also acted as important diplomatic actors in promoting Ukrainian security issues in the international arena.

Taken together, the activities of these middle powers created a significant impetus in military support for Ukraine, complementing the global efforts of NATO and other leading Western countries. Importantly, these programs provided a platform for further increasing military assistance after Russia's full-scale invasion in 2022.

Full-scale support, institutionalization of coordination (2022-2025). Russia's full-scale invasion of Ukraine on February 24, 2022, marked a fundamental shift in the scale and nature of military assistance to Ukraine from the Collective West. From reacting to the crisis at the initial stage, when assistance was mostly limited to non-lethal equipment and humanitarian support, Western countries moved to actively supplying modern lethal offensive weapons, which significantly increased the combat capabilities of the Ukrainian Armed Forces.

The volume of aid increased tenfold and covered a wide range of equipment: from anti-tank missile systems, anti-aircraft missile systems, artillery and armored vehicles to unmanned aerial vehicles and precision weapons. At the same time, large-scale training of Ukrainian military personnel took place in Western countries, as well as the provision of intelligence and advisory support. According to the Kiel Institute for the World Economy (IfW Kiel), Ukraine received total international aid worth about 267 billion euros (≈287 billion US dollars) in 2022-2024. Of this amount, about 130 billion euros (49%) is military aid, another 118 billion euros (44%) is financial support, and 19 billion euros (7%) is humanitarian aid. The largest donors remain the European Union (including European states outside the EU) and the United States of America. As of the end of 2024, the total contribution of European countries amounted to approximately 132 billion euros, including 62 billion for military purposes and 70 billion for financial and humanitarian support. At the same time, US aid amounted to about 114 billion euros, of which 64 billion was military aid and 50 billion in other areas. In 2025, after the US effectively suspended new aid packages, European countries stepped up their participation, allocating more than €20 billion in March-April alone to fill the gap. It is worth noting that more than 60% of the military aid provided in 2023-2024 was the latest equipment, including from EU companies. Small states, such as Estonia, Lithuania, and Denmark, demonstrate high relative support, with contributions exceeding 1.5-2% of their GDP. Thus, over the three years of the large-scale war, international aid to Ukraine, as recorded by IfW Kiel, has not only been large in volume, but continues to grow despite the changing political dynamics among leading donors.

The Ramstein initiative, launched in April 26, 2022 at a US air base in Germany, has become a symbol of a new quality of coordination of support for Ukraine. This platform has brought together more than 50 states, including NATO members, the EU and other partners, to discuss and coordinate arms transfers, standardize technical requirements and exchange operational information. It has become an important tool for ensuring synergy in the actions of partners, which significantly increases the effectiveness of military assistance. According to the Minister of Defense of Ukraine R. Umerov: "We have created eight coalitions of capabilities within the Ramstein platform, which include 34 member countries of the Contact Group on Defense of Ukraine. They signed letters of intent to cooperate. In addition, some coalitions have already signed memorandums that allow for centralized procurement funding." (Buzarov, 2024). A coalition is a group of two or more states that have entered into an agreement to use force jointly against a third country(s) in an international conflict (Wolford, 2015).

In parallel, specialized mechanisms were created at the level of NATO and the European Union to optimize decision-making and resource allocation. In particular, NATO has launched programs to improve Ukraine's defense capabilities and integrate its security forces into the Euro-Atlantic security system. The EU has stepped up cooperation in financing weapons, rebuilding infrastructure, and humanitarian support.

At the same time, Ukraine has made significant efforts to reform its defense system with the involvement of Western experts and advisors. These reforms include raising the level of personnel training, improving logistics, enhancing command and control systems, and modernizing military equipment. Such measures strengthen Ukraine's ability to wage a long-term defensive conflict and are a key factor in the country's integration into the Euro-Atlantic security space.

Thus, the period of 2022-2025 is characterized not only by a significant increase in military support for Ukraine, but also by the formation of sustainable and structured institutional coordination mechanisms that guarantee effective and efficient response to security challenges in the region. This process is of strategic importance for ensuring long-term stability and security in Europe.

Motivational factors of the Collective West policy. The policy of military assistance to Ukraine by the Collective West is determined by a number of complex motivational factors that cover both strategic geopolitical interests and ideological, humanitarian, domestic political and economic aspects. One of the key incentives for active support of Ukraine is the West's desire to curb the revisionist ambitions of russia, which is trying to undermine the existing international order

and establish a new sphere of influence in the Euro-Atlantic area through its aggression. In the context of military conflicts, such as the russian-Ukrainian war, decisions made at the national and international levels directly affect the support strategies provided to Ukraine by Western countries, international organizations and alliances. In particular, these decisions shape the political, economic, and military assistance necessary to preserve Ukraine's sovereignty and counteract aggression (Shapovalova, 2024). Western countries see their support for Ukraine not only as assistance to an individual state, but also as protection of their own security, as successful containment of russian aggression reduces the risk of the conflict spreading to other regions of Europe.

Another important factor is compliance with the principles of international law, including respect for the sovereignty and territorial integrity of states. Russia's aggression is seen as a gross violation of the basic norms governing relations between states, and therefore support for Ukraine is a response to this challenge and a confirmation of the West's commitment to the international legal order. This aspect of the policy also encourages the international community to consolidate and demonstrates a willingness to defend the norms that guarantee security and stability. International humanitarian law is a system of principles and norms of international law that governs relations between states to protect victims of war and limit the means and methods of warfare (Voytenko, Yeligulashvili, 2021).

Domestic political factors play an equally important role. In many Western countries, support for Ukraine enjoys considerable public support, which puts pressure on governments to increase military aid. The media, activist movements, and political forces shape public discourse by emphasizing the injustice of aggression and the need to protect democratic values. For political leaders, assistance to Ukraine is becoming a means of demonstrating their own responsibility and leadership in global security issues.

Economic factors also cannot be ignored. The military-industrial complex of Western countries benefits from increased orders for weapons and military equipment, which stimulates support for defense aid. The development of the military-industrial complex of the world's countries is determined by a combination of certain prerequisites, including the ratio of the territory area, population size and demographic structure, availability of natural resources and the degree of development of the production base. The economic system with basic economic relations (liberal market, state-controlled market, etc.) plays an important role in economic activity, socio-economic development and foreign policy of the country (Kim, Ukrainets, 2022). At the same time, the imposition of economic sanctions against russia and energy policy create additional pressure on the kremlin, while creating new conditions for transatlantic cooperation. Energy security and reducing dependence on russian resources also determine the priorities of support for Ukraine.

Finally, the humanitarian commitments and values of the Collective West are an important motivation. Supporting Ukraine is perceived as an act of solidarity with the people who are fighting for the right to live in a democratic and sovereign state. This is not only a political choice, but also a moral obligation to promote and protect human rights, the rule of law and fundamental freedoms. Thus, military assistance is becoming a symbol of defense of liberal values in the global context.

Thus, the motivations behind the West's policy are multifaceted and interconnected, forming a comprehensive foundation on which the current strategy of military support for Ukraine is based. They combine pragmatic security interests and political goals with value-based guidelines, making the collective West's policy more stable and sustainable, despite possible internal challenges and changes in the international environment.

Ukraine as a subject of regional security. After the beginning of the full-scale invasion of the Russian Federation in 2022, Ukraine not only became a victim of aggression, but also actively transformed into a key actor of regional security on the European continent. "European parliamentarians realize that Ukraine is an integral part of the continent's security today." (Kravchuk, n.d., Ukrinform) This opinion was expressed by Yevhenia Kravchuk, Vice President of the European party ALDE, Deputy Chairman of the “Sluga Narodu” parliamentary faction, in a commentary to Ukrinform on the sidelines of the “Women's Leadership in Time of War” forum.

This status is due not only to its geopolitical location between Europe and russia, but also to its consistent ability to self-organize, mobilize resources and build strategic alliances with Western partners.

Ukraine today acts as a kind of "barrier" to further kremlin aggression, which has a direct impact on the stability of not only Eastern Europe but the entire European security architecture. At the same time, it is actively integrating into regional security structures, demonstrating its willingness to cooperate with NATO, the European Union, and individual member states.

The problem of effective cybersecurity needs to be addressed comprehensively and requires coordinated action at the national, regional and international levels to prevent, prepare, respond and recover from incidents by government, the private sector and civil society (Ivasechko, Lopushanskyi, 2023). It is particularly important to emphasize that Ukraine is forming its own approach to regional security, based on the principles of collective responsibility, defense cooperation and mutual support. This is manifested in the development of multinational military exercises, participation in joint initiatives on cybersecurity, countering disinformation, and maintaining stability in Eastern Europe.

Thus, Ukraine's status as a regional security actor is not just a declaration, but a real functional factor that determines the balance of power in the region, shapes new rules of the game, and stimulates the development of partnerships based on democratic values and respect for international law.

Results. The study provides a comprehensive analysis of the evolution of the Collective West's policy on military assistance to Ukraine in the period 2014-2025. The main trends in the development of this policy, motivational factors, and its strategic implications for regional and global security are identified.

First of all, it was found that the policy of military support for Ukraine has a distinct dynamic that reflects the changing geopolitical realities and the level of threats perceived by the West. Three successive stages identified: the initial period (2014-2016), when support was mainly symbolic and non-lethal; the intermediate stage (2017-2021), marked by increased defense assistance, in particular in the form of lethal weapons and intensified training programs; and the current stage (2022-2025), characterized by large-scale, systematic, institutionalized support, in particular through the Ramstein initiative, which has become a platform for coordinating more than 50 states.

The second key discovery is the complex motivation of Western policy, which combines pragmatic and principled factors. Geopolitical containment of russia and protection of European security are the main drivers. At the same time, the emphasis on adherence to international law, including the principle of sovereignty, as well as domestic political factors in Western countries - public support, the role of the media, and the economic interests of the defense industry - are building a strong consensus in support of Ukraine. Sanctions and energy policy play a significant role as a means of putting pressure on the aggressor, stimulating integration and solidarity within the framework of collective security.

The third important result is the identification of the strategic implications of such a policy. Military assistance not only helps to strengthen Ukraine's defense capabilities, but also significantly influences the formation of a new Euro-Atlantic security architecture. Ukraine is increasingly becoming an active participant in the security environment, which enhances stability in the region. Western support helps modernize the Ukrainian Armed Forces and create the preconditions for integration into NATO and the EU, which has long-term implications for European security.

Thus, the results show the transformation of the Collective West's policy from fragmented and symbolic support to a comprehensive, coordinated and strategically sound system of military assistance to Ukraine. This indicates the formation of new security norms and models of international cooperation in response to the challenges of modern hybrid warfare.

Conclusion. The article analyzes the evolution of the Collective West's policy on military assistance to Ukraine from 2014 to 2025, in particular in the context of a full-scale russian invasion in 2022. The results of the study show a significant transformation in the approaches of Western countries: from symbolic non-lethal support at the initial stages to large-scale provision of modern

lethal weapons and comprehensive training of the Ukrainian military. A key role in coordinating this assistance was played by the Ramstein initiative, which became a center of consolidation for more than fifty countries, reflecting a significant level of international solidarity and cooperation.

It is determined that the motivating factors of Western policy include both geopolitical interests and compliance with international law, humanitarian obligations, as well as domestic political and economic factors of donor countries. It is important to emphasize that Ukraine, thanks to the military support it receives, is gradually moving from the status of an object of assistance to an active actor in regional security, which affects the formation of a new Euro-Atlantic security architecture.

The findings are important not only for understanding the current dynamics of international military support for Ukraine, but also for the further development of the theory of international relations and security. They can also be useful for formulating effective policies both in donor countries and in Ukraine, taking into account current challenges and prospects for regional stability.

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HOW POST-SOVIET COUNTRIES CAN OVERCOME THE COLONIAL PAST: THE UKRAINIAN EXPERIENCE

ЯК ПОСТРАДЯНСЬКИМ КРАЇНАМ ПОДОЛАТИ КОЛОНІАЛЬНЕ МИНУЛЕ: УКРАЇНСЬКИЙ ДОСВІД

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Abstract. *The article examines, through the Ukrainian case, the occupation nature of the Soviet communist regime and its colonial exploitation of the union republics from the 1920s to 1991. Using principles of historicism, systemic analysis and historical-genetic and typological methods, the authors reconstruct how the Bolshevik center subordinated Ukraine's political institutions and economic administration, extracted resources through centralized planning, and imposed a ruling elite largely recruited and controlled from Moscow. The study integrates classic and recent scholarship (Volobuiev; Mazlakh & Shahrai; Vynnychenko; Motyl; Shporluk; Hrynevych) and primary materials to argue that Soviet Ukraine functioned de facto as a colonially dependent territory. Special attention is paid to demographic engineering, Russification, and the Holodomor's long-term effects, which reshaped regional identity and undermined state-building. The paper contends that a coherent historical policy is an essential instrument for overcoming the colonial legacy in post-Soviet states: beyond renaming spaces, it requires confronting uncomfortable questions about the imperial character of the USSR and liberating public memory*

from imperial narratives. Such a policy is presented as a prerequisite for consolidating national sovereignty and international subjectivity in the post-Soviet space.

***Keywords**: colonialism; Russian Bolshevism; Soviet empire; occupation regime; Soviet Ukraine; Communist Party (Bolsheviks) of Ukraine; historical policy.*

***Анотація.** Метою статті є наукове обґрунтування на прикладі України окупаційної природи радянського комуністичного режиму та його колоніального визиску союзних республік у 1920-х—1991 рр. Спираючись на принципи історизму, системності й спеціально-історичні методи, автори відтворюють механізми політичного підпорядкування й економічної централізації, через які більшовицький центр інституційно контролював радянську Україну, експлуатував її ресурси та формував керівну еліту, залежну від Москви. На основі класичних і нових праць (Волобуєв; Мазлах і Шахрай; Винниченко; Мотиль; Шпорлюк; Гриневич) та архівних матеріалів доводиться, що радянська Україна фактично функціонувала як колоніально залежна територія. Окрему увагу приділено демографічній інженерії, русифікації та довгостроковим наслідкам Голодомору для ідентичності й державотворення. Стаття обстоює необхідність цілісної історичної політики як інструмента подолання колоніальної спадщини в пострадянських державах: поза перейменуваннями йдеться про готовність відповідати на «незручні» запитання щодо імперського характеру СРСР і звільнення колективної пам'яті від імперських наративів. Така політика є передумовою консолідації суверенітету та міжнародної суб'єктності на пострадянському просторі.*

***Ключові слова:** колоніалізм; російський більшовизм; радянська імперія; окупаційний режим; радянська Україна; КП(б)У; історична політика.*

Introduction. The policy of the Russian Federation in the post-Soviet space, based on the idea of restoring the Soviet Union, has actualized the topic of the colonial past of peoples oppressed by the Russian and Soviet empires. This topic, which national historiographical schools of post-Soviet countries unanimously classify as a colonial experience requiring a long process of overcoming its negative consequences, is presented in Russia as a progressive phenomenon.

However, while there is a certain consensus regarding Russia as a colonial empire, the discussion about the occupational nature of the Soviet communist regime - which exploited the resource potential of the union republics as colonially dependent territories - began during the perestroika era in the USSR. At that time, there was also a public demand to develop a memory policy in the national republics occupied by Soviet Russia and the USSR. The realization of the distinctiveness of national histories, which the Soviet center in Moscow carefully concealed, became the foundation for the political will of most of the former Soviet republics to achieve state sovereignty. The collapse of the USSR and the proclamation of independent states, one of the reasons for which was the truth about the crimes of the Soviet communist regime, brought to the agenda the question of the nature of Russian Bolshevism. Behind the facade of a "workers' and peasants' republic" it skillfully concealed the imperial essence of the Soviet regime.

The societies of the European republics of the former USSR, which emerged from its structure as occupied and colonially dependent territories, like the Baltic states, formed a consensus vision of their Soviet past as early as the first half of the 1990s. Accordingly, they determined that the primary priority of their foreign policy strategy was European and Euro-Atlantic integration.

Regarding the Russian Federation, where most of the population supported the government's course towards restoring a new version of the Russian empire, the European, - and therefore democratic - path of development was abandoned at the turn of the 20th and 21st centuries with the selection of KGB-backed Vladimir Putin as the successor to "democrat" Boris Yeltsin. In post-Soviet Belarus, Moldova, and Ukraine, where such a consensus was not formed, the process of moving away from the Soviet vision of collective memory is still ongoing. This complicates the

search for their place in the European community of nations. How quickly the Belarusian, Moldovan, and Ukrainian communities find a collective answer to the question of their attitude towards their Russian and Soviet colonial past will determine whether they can become an organic part of Europe or dissolve into the Russian imperial "sea". This paper attempts to illustrate this by examining the professional discussion regarding Ukraine's status within the USSR.

The purpose of the study is to analyze the political, economic, and humanitarian relations between the Ukrainian SSR and the Soviet center to determine whether Soviet Ukraine functioned as a colony of the USSR.

Literature review. In the polemic regarding the status of the Ukrainian SSR within the USSR which has been going on since at least the time when the Ukrainian People's Republic lost its independence due to the armed aggression of Soviet Russia in the early 1920s, domestic and foreign scientists use the arguments both in favor of the version "Ukraine is a colony of the USSR" and those that deny this thesis. For the most part, the authors of the statement about the colonial status of the Ukrainian SSR within the Soviet Union appeal to the factors of economic dependence of the official Kharkov (since 1934 – Kyiv) from the Russian Bolshevik center in Moscow (Volobuyev, 1928; Efimenko, 2008). Other researchers (Shapoval, 1925; Hrynevych, 2017, 2019) operate with the political arguments, such as the fact that the leadership of the territory of Ukraine occupied by the Russian Red Army was carried out by the representatives of the Bolshevik Party delegated by the Communist Center in Moscow who implemented the directives of the Kremlin the real goal of which was the establishment of a communist regime in Ukraine based on the Russian model.

In academic discourse, the topic of the colonial status of the Union republics within the USSR is directly related to the question of whether the USSR was an empire. Among the domestic experts on this topic, the prevailing opinion is that the Soviet Ukraine was a colony within the USSR as a continuation of the Russian Empire. Also thanks to the researchers of the Ukrainian diaspora (Motyl, 2009; Shporlyuk, 2000) such concepts as "the internal" and "the external" Soviet empire currently introduced into the scientific circulation. Olexander Motyl attributes the RSFSR as the part of the Soviet Union (Motyl, 2012). According to Roman Shporlyuk "the world system of socialism" created after the Second World War, which, like the union republics of the USSR, "could only be held by force" (Shporlyuk, 2000, p. 8).

Despite these historiographical developments, the study of Russian colonialism remains incomplete, primarily because the majority of Russian historians still maintain that the USSR, if it was an empire at all, was an atypical one - since non-Russian regions not only supplied raw materials to the Russian center but also allegedly developed at its expense. Regarding Ukrainian lands within the Russian Empire, most Russian historians consider them part of the metropole, arguing that Ukrainians, alongside Great Russians, formed the core of Russian society. In other words, Russian historical thought does not even entertain the notion that Ukraine was a colony of either the Tsarist or Soviet empires. Furthermore, contemporary Russian historiography actively promotes the idea that ethnic Ukrainians played a significant role in building the Russian Empire and the USSR, often citing lists of high-ranking officials of Ukrainian origin.

However, these statements of the Russian authors have long ceased to be a convincing argument for the Ukrainian researchers of the Russian Empire, because since the 1920s, the opinion that Ukrainian lands were a colony of the Russian Empire has spread. Among the latest, in particular, are the well-known historians M. Slabchenko, M.Yavorsky and O. Ogloblin, who used the term "colonialism" to define the position of Ukraine in the former tsarist empire (Lysyak-Rudnyts′kyy, 2019, p. 206). This means that the topic of the colonial dependence of the Soviet Ukraine, or rather, the colonial policy of Russia in Ukraine, still awaits a comprehensive study. Therefore, the question of what the Soviet Ukraine really was: a Moscow colony or a Soviet republic in relation to which the Soviet center in Moscow pursued a colonial policy remains open.

Main results of research. So, because of the October coup of 1917 in Petrograd, the Russian Bolshevik Party came to power in the capital of the former Russian Empire, which declared its goal to build a communist state that was supposed to unite the proletarians of the whole world. The building of a world communist empire, according to the leader of the Bolsheviks V. Ulyanov -

Lenin, should have started with the establishment of the communist power on the territory of the former Russian Empire. Therefore, the first objects of an armed aggression of the Soviet Russia were the independent states formed on the ruins of the empire, such as the Ukrainian People's Republic (UNR).

In order to implement the Bolshevik course to build a world communist state, V.Lenin and his associates in the Soviet government of Russia should have taken a control of the resources of the former outskirts of the Russian Empire, primarily Ukraine. Therefore, already in December 1917 the Bolsheviks started an undeclared war against the Ukrainian Central Council, which in its III Universal declared the desire of Ukrainians for a federation with democratic Russia.

The determination of Russian Bolsheviks to retain Ukraine within their envisioned communist state is evidenced not only by the series of military campaigns conducted by Soviet Russia against the sovereign UNR in 1917-1919 but also by Moscow's explicit intention to dominate Ukraine's economy. Unsurprisingly, by July 1918, the Ukrainian branch of the Russian Bolshevik Party, created in Moscow, formally transferred control over Ukraine's economy to the Kremlin. In January 1919, Ukraine's economic administration was fully subordinated to the ministries of Soviet Russia through the Supreme Council of the National Economy (VSNKh). Thus, Moscow secured access to Ukrainian resources by first occupying UNR territory and then establishing the puppet Ukrainian Socialist Soviet Republic (USSR) in Kharkiv.

The economic exploitation of Soviet Ukraine by Moscow was so blatant that even critics from within the communist regime acknowledged it. In 1928, economist Mykhailo Volobuiev published an article *"On the Problem of the Ukrainian Economy"* in the journal *Bolshevik of Ukraine (Volobuyiev, 1928)* in which he argued that Tsarist Russia had been a colonial empire and that Ukraine, within its structure, had functioned as a "European-style colony" whose productive forces had been developed for the benefit of the metropole. According to Volobuiev, this situation remained unchanged under Soviet rule. Despite Ukraine's self-sufficiency and its potential to integrate directly into the global economy without Moscow's mediation, it continued to function as an economic colony of Russia *(Volobuyiev, 1928).*

Volobuiev's conclusions echoed the views of Ukrainian national communists Vasyl Shakhray and Serhiy Mazlakh. In their 1919 pamphlet *"To the Wave: What Is Happening in and with Ukraine»* they argued that within the Russian Empire, Ukraine had become an advanced Russian colony under conditions of global industrial capitalism, and its inhabitants had evolved into a modern nation (Mazlakh, Shahrai, 1919). They asserted that Ukraine's economic progress could only be achieved through separation from the empire and the establishment of a socialist Ukraine with an independent communist party, free from Russian Bolshevik control (Mazlakh, Shahrai, 1919).

The crucial factor in determining Soviet Ukraine's colonial status was its ability (or inability) to utilize its own resources for its own needs rather than for the needs of the global communist state envisioned by the Bolsheviks. To extract Ukrainian resources, the Russian Bolsheviks needed an administration capable of implementing Moscow's policies in Ukraine.

The dilemma of whether Soviet Ukraine's rulers should be native Ukrainians or outsiders was never seriously considered in the Kremlin. The composition of the leadership of the Communist Party of Ukraine (CP(b)U) and the government of the Ukrainian SSR in the first half of the 1920s demonstrates this: ethnic Ukrainians made up an absolute minority in the ruling elite. This fact, supported by statistical data, confirms that Soviet Russia forcibly imposed a communist political regime on Ukraine, with a ruling class handpicked by the Kremlin essentially an occupying administration. This characterization of the ruling elite of the Ukrainian SSR may be uncomfortable for advocates of political correctness, but it is highly accurate. Even a century ago, prominent leaders of the Ukrainian national liberation struggle of 1917-1921, such as Volodymyr Vynnychenko (Vynnychenko, 1980), Isaak Mazepa (Mazepa, 1922) and Mykyta Shapoval (Shapoval,1925), emphasized the occupying nature of Soviet power in Ukraine. Were they correct?

The statistical data available to researchers convincingly demonstrate the non-Ukrainian nature of the Bolshevik government in Soviet Ukraine (Doroshko, 2008, pp. 66, 67, 77, 78). The

given factual data convincingly confirm the non-Ukrainian character of the Bolshevik government and its true intentions towards Ukraine, about which one of the leaders of the Ukrainian National Revolution of 1920 V.Vynnychenko wrote: "No Soviet (soviet) power was established in Ukraine... All power was taken over by... a handful of people from the Russian Communist Party. This power relied on the military force of the Red Army regiments imported from Russia" *(*Vynnychenko, 1920, p. 315).

V.Vynnychenko also explained the reasons for the hostile attitude of the Ukrainian population towards the Bolshevik government, which, in his opinion, consisted in the fact that the policy of the Communist Party of Ukraine (b) in Ukraine is of a centralist, anti-Ukrainian nature, and the Communist Party of Ukraine (b) is an instrument of its great-power course. Vynnychenko wrote: "The revolution in Ukraine is carried out mainly by the army and those party forces which are sent from Russia... The entire Ukrainian SSR. as a separate federal state is a fiction," and "the relationship of the socialist Russia to the socialist Ukraine is very similar to the relationship of the imperialist states to their colonies" *(*Vynnychenko, 1980, p. 449).

The non-acceptance of the Russian occupying power by a significant part of the Ukrainian society required the Central Committee of the RCP(b) to implement a particularly balanced personnel policy in the republic. However, until 1923, when the RCP(b) at its 12th congress proclaimed the policy of "the indigenization", the main source of the formation of the party-the Soviet nomenclature in Ukraine remained the personnel appointments carried out by Moscow or at least coordinated with it.

Given that a significant portion of Ukrainian society rejected Russian communist rule, the Central Committee of the Russian Communist Party (Bolsheviks) (RCP(b)) had to adopt a particularly cautious personnel policy in Ukraine. However, until the RCP(b) introduced its policy of "indigenization" (korenizatsiya) in 1923, the main source of appointments to leading positions in the puppet Ukrainian SSR was Moscow's direct control or, at the very least, its approval.

The communist regime managed to deceive the authorities and the population of the Soviet republics with the apparent proclamation of the most democratic state of workers and peasants much easier than to convince the world community of the voluntary unification of the national outskirts of the former Russian Empire under the supremacy of Moscow. The West quickly understood the essence of the "voluntary" unification of the republics in the USSR and a few days after the proclamation of the USSR on December 30, 1922, the Polish press, in particular, wrote: "Ukraine is now abolished. This is good. Now the Ukrainian parties in Galicia, which were oriented towards Ukraine, will know what friendship with Russia means" (TsDAGO of Ukraine, f. 1, op. 1, file 98, folio 102). In contrast, the West actually reacted to the proclamation of the USSR with a resolution of the Council of Ambassadors of the Entente on the transfer of the Ukrainian lands of Eastern Galicia to Poland.

As for the personnel situation in the Ukrainian SSR, from the point of view of the representation of Ukrainians in it, it was such that it forced one of the leading figures of the Ukrainian SSR, Mykhailo Frunze, admitted: «The Soviet apparatus in Ukraine is composed almost entirely of people who do not speak the Ukrainian language" (TsDAGO of Ukraine, f. 1, op. 1, file 99, folio 62).

A similar conclusion was reached by Mykyta Shapoval, a prominent figure of the Ukrainian Revolution, based on official Soviet statistical data. Analyzing the ethnic composition of the Ukrainian SSR's ruling elite in 1924, he found that Ukraine was governed primarily by a non-Ukrainian minority (Shapoval, 1925, p. 4). Even the indigenization policy of the 1920s did little to change this reality, key positions in the Ukrainian SSR remained largely occupied by non-Ukrainians.

Those Ukrainians who believed in the possibility of building a «free Ukrainian republic of workers and peasants», tempted by slogans of national equality in the future global commune, paid with their lives. Millions of Ukrainians were exterminated through famine and forced deportations orchestrated by the communist Kremlin, clearing the way for new occupiers and settlers.

Would the Ukrainian people have suffered such irreparable losses if Ukraine had remained a sovereign state? This is highly doubtful. The artificial famines of 1921-1923, 1932-1933, and 1946-1947 alone, which claimed the lives of millions of Ukrainians, drastically altered the ethnic composition of Soviet Ukraine. The Ukrainian populations of Donetsk, Luhansk, Kharkiv, Zaporizhzhia, Dnipropetrovsk, and Kherson regions, decimated by the Holodomor of 1932–1933, were largely replaced by ethnic Russians brought in by the Stalinist regime. Ukraine continues to suffer the consequences of this deliberate demographic engineering. The physical destruction of Ukrainian peasantry, the national intelligentsia, and the overall genetic erosion of the Ukrainian nation during the rule of the Leninist-Stalinist totalitarian communist regime were only possible because Ukraine was an occupied and colonially dependent territory. The Kremlin's leadership was determined to install a non-Ukrainian government and eradicate the Ukrainian people's aspirations for independent statehood.

Conclusions. Thus, Russian colonial policy in Ukraine and other former Soviet republics, which was persistently implemented by the rulers of both the Russian and Soviet empires from the 18th to the 20th centuries, had devastating consequences in political, economic, and humanitarian spheres. The imposition of authoritarian and totalitarian regimes, economic experiments, repressive practices, forced population relocations within the imperial framework, and the systematic Russification of subjugated nations, all these were key features of imperial governance. It is therefore not surprising that, unlike previous historical empires, the Russian imperial state collapsed twice, in 1917 and again in 1991. Nor is it surprising that the Russian empire, in a new form, still survives today, thanks to the sustained efforts of the collective West, led by the United States, which continues to pursue a misguided policy of "resetting" relations with Russia.

To counteract this short-sighted Western policy, the oppressed nations of the Russian and Soviet empires offer an alternative approach - one based on the colonial experience of Ukrainians and other subjugated peoples, who have demonstrated their capacity to break free from the grip of the Russian imperial monster. A key instrument for overcoming the colonial legacy in post-Soviet states should be historical policy, aimed at spreading awareness of the truth about the Soviet colonial past. The essence of such a policy extends beyond merely renaming streets and settlements that bear the names of colonizers. It also involves post-Soviet societies confronting "uncomfortable" questions - such as whether the Soviet Union was indeed an empire and whether its national republics were, in fact, colonies. The liberation of the national consciousness of the enslaved peoples of the former USSR from imperial narratives is essential for overcoming the Russian colonial legacy and for the post-Soviet states to establish themselves as independent actors in international affairs.

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UN SECURITY COUNCIL REFORM: THE G4 MODEL'S PROSPECTS IN THE CONTEXT OF POLITICAL POLARIZATION

РЕФОРМА РАДИ БЕЗПЕКИ ООН: ПЕРСПЕКТИВА МОДЕЛІ G4 В УМОВАХ ПОЛІТИЧНОЇ ПОЛЯРИЗАЦІЇ

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Abstract. *The article examines the prospects for reform of the United Nations Security Council from the perspective of the Group of Four (G4) model, amid increasing global political polarization and declining trust in multilateral institutions. Using a comparative approach, it analyzes the logic and parameters of the G4 model (expansion of the Council to 25 members with the addition of six permanent and four non-permanent seats, and the temporary suspension of the veto for new permanent members until a separate decision is adopted) and compares it with the alternatives advanced by the African Union (AU) and the Uniting for Consensus (UfC) coalition. The study demonstrates that the G4 and the AU share the most similar vision of regional representation, while the key divergence concerns the veto: the G4 allows for its temporary non-extension to new permanent Security Council members, whereas the AU insists on full equality between new and existing permanent members in this respect. By contrast, the UfC adopts a conceptually opposing stance, rejecting the expansion of permanent seats and instead advocating a significant increase in non-permanent membership, along with strict limitations on or the abolition of the veto. Particular attention is paid to the configuration of interests among the permanent members of the Council (P5). The United Kingdom and France consistently support the G4 model and advocate stronger African representation. The United States demonstrates a close yet cautious stance, generally supporting the expansion of the Security Council while opposing the extension of veto power to new permanent members. China and Russia declare openness to "moderate" expansion through the inclusion of developing countries, but block scenarios that involve Germany and Japan, thereby substantially diminishing the prospects for consensus. Ukraine's position is broadly consistent with the G4 approach: it supports the expansion of both permanent and non-permanent categories of membership, with particular emphasis on the inclusion of African, Asian, and Latin American states, alongside Germany and Japan. At the same time, Ukraine consistently advocates significant restrictions on, and the eventual elimination of, the veto, reflecting its direct*

experience of aggression by a permanent member of the Council - the Russian Federation. The G4 model emerges as one of the most balanced approaches to Security Council reform by addressing regional imbalances, but its implementation requires broad coalition support within the General Assembly and the minimization of objections from China and Russia. The practical implementation of this model is contingent upon the ability of G4 supporters to forge political and diplomatic coalitions in Security Council reform (for instance, with the AU) and to advance incremental decisions on the veto aimed at reducing political polarization.

Keywords: *United Nations Security Council; UNSC reform; Group of Four; African Union; Uniting for Consensus; veto power; permanent members; regional representation; political polarization; multilateralism; global security; Global South counrties.*

Анотація. *Стаття аналізує перспективи реформування Ради Безпеки ООН через призму моделі Групи чотирьох (G4) у контексті загострення глобальної політичної поляризації та падіння довіри до багатосторонніх інститутів. На основі порівняльного аналізу розглянуто логіку й параметри моделі G4 (розширення складу до 25 членів із додаванням шести постійних і чотирьох непостійних місць, тимчасове утримання нових постійних членів від використання права вето до ухвалення окремого рішення), зіставлено її з альтернативами Африканського Союзу (АС) та коаліції Uniting for Consensus (UfC). Показано, що G4 і АС найближчі за баченням регіональної репрезентативності, тоді як ключова відмінність стосується права вето: G4 припускає його тимчасове нерозповсюдження на нових членів Ради Безпеки, водночас АС наполягає на повній рівності нових і чинних постійних членів у цьому контексті. Позиція UfC є концептуально протилежною, оскільки відкидає розширення постійних місць. Натомість коаліція пропонує суттєве збільшення непостійних місць та жорсткі обмеження чи ліквідацію інституту вето. Окрему увагу приділено конфігурації інтересів постійних членів РБ (P5). Велика Британія та Франція стабільно підтримують модель G4 і посилення африканського представництва. США демонструють близьку, проте обережну позицію, підтримуючи розширення складу Ради Безпеки, водночас виступаючи проти поширення права вето на нових постійних членів. Китай і Росія декларують відкритість до "помірного" розширення за рахунок країн, що розвиваються, проте фактично блокують сценарії, які включають Німеччину та Японію, що істотно зменшує ймовірність досягнення консенсусу. Українська позиція значною мірою синхронізована з підходом G4: підтримується розширення як постійної, так і непостійної категорій членства з акцентом на представництво Африки, Азії, Латинської Америки, а також Німеччини та Японії. Водночас Україна послідовно виступає за обмеження та поступове скасування права вето, що випливає з досвіду агресії з боку постійного члена РБ - Російської Федерації. Визначено, що G4 пропонує один із найбільш збалансованих шляхів реформування Ради Безпеки через усунення регіонального дисбалансу, але потребує широкої коаліційної підтримки у Генеральній Асамблеї та мінімізації заперечень з боку Китаю та Росії. Практична реалізація залежатиме від здатності прихильників G4 формувати політико-дипломатичні коаліції щодо реформи Ради Безпеки (наприклад, з АС) і просувати поетапні рішення щодо вето, що знижують рівень політичної поляризації.*

Ключові слова: *Рада Безпеки ООН; реформа РБ; Група чотирьох; Африканський Союз; Uniting for Consensus; право вето; постійні члени; регіональна репрезентативність; політична поляризація; багатосторонність; глобальна безпека; країни Глобального Півдня.*

Introduction. The United Nations is the only universal international organization mandated by its Charter to save succeeding generations from the scourge of war (United Nations, n.d.). The full-scale invasion of Ukraine by the Russian Federation once again demonstrated the vulnerability of the global security architecture and the limited effectiveness of the UN's actions in preventing

crises from escalating into full-scale wars. The need for UN reform has been debated throughout the organization's existence, as evidenced, in particular, by decisions regarding the functions of the Secretary-General, the use of official languages, and the 1963 expansion of the UN Security Council through an increase in the number of non-permanent members.

The UN Security Council, as the principal body authorized to prevent and resolve armed conflicts, has been paralyzed by the Russian Federation's use of its veto power (United Nations, n.d.). Similar situations have arisen in the organization's history, leading the General Assembly to recommend that permanent members of the Security Council abstain from voting when they are a party to a conflict. However, given the non-binding nature of General Assembly recommendations, this has ultimately remained dependent on the political will of the respective states.

In the context of deepening political polarization and declining trust in multilateral institutions, the reform of the UN's security mechanisms, particularly the Security Council, has become exceptionally urgent. Among the various proposals discussed over the past decades, the model advanced by the Group of Four (G4) has taken a central place in the debates.

The scientific novelty of this research lies in the assessment of the prospects for implementing the G4 reform model, which considers the current positions of the P5 states and coalitions that advocate alternative approaches to Security Council reform, as well as its correlation with Ukraine's stance on UN reform in the context of intensifying polarization and geopolitical competition following the full-scale invasion of Ukraine by the Russian Federation.

Literature Review. The issue of United Nations reform, particularly that of the Security Council, has long been the focus of attention for both foreign and domestic scholars. In C. Torcato Reis' research "Reform of the United Nations Security Council", the principal models of Security Council reform, including the Group of Four concept, are systematized, and key problematic aspects are analyzed, notably membership categories, the veto right issue, and regional representation (Torcato Reis, C., 2022). In O. Opanasenko's article "Prospects for UN Security Council reform", the reform process is examined in the context of geopolitical challenges, with an emphasis on the impact of armed conflicts on the architecture of international security (Opanasenko, O., 2025). E. Parvanova, in "Reforming the United Nations Security Council: cross-country analysis of a G-4 potential permanent membership", focuses on assessing the capacities of the Group of Four states to obtain permanent membership and offers recommendations for the reform process (Parvanova, E., 2023). The article by A. Mishchenko, R. Atashkade, and V. Teremko, "Scenarios of UN Reform", presents possible options for transforming the UN system and highlights the absence of consensus on key reform issues, particularly membership expansion and regulation of the veto (Mishchenko, A. B., Atashkade, R. V., & Teremko, V. V., 2023).

The purpose of the research is to assess the feasibility of implementing the G4 model amid contemporary international polarization, while considering competing reform projects and the positions of the current permanent members of the Security Council (P5). This requires the following steps: outlining the essence of the model, the motives of its initiators, and the support it receives from other UN members; comparing the G4 model with alternative Security Council reform projects; characterizing the attitudes of the permanent members of the Security Council toward the model and the broader challenges of reform; and describing Ukraine's position on the proposed initiative.

Main Results of the Research. After the end of the Cold War, discussions on the need to reform the UN system, particularly the Security Council, intensified. In addition to concerns over transparency, excessive bureaucratization, duplication of functions, and the obsolescence of certain mechanisms, the issues of unequal geographical representation and the imbalance between states' contributions to the organization's activities and their ability to influence key decisions became particularly urgent. This raised fundamental questions about the functioning of the Security Council. In this context, the first major reform proposals were put forward - the Razali Initiative (1997) and the Panyarachun Model (2004), which set the trajectory for subsequent debates.

Two fundamental issues came to the forefront on the Security Council reform agenda:

1) Insufficient regional representation in both the permanent and non-permanent categories

of membership, no longer reflecting contemporary geopolitical realities;

2) The unrestricted use of the veto, increasingly regarded as an anachronism, given its function as a political instrument to block collective decisions.

In 2005, on the eve of the World Summit of the General Assembly during its 59th session, three coalitions emerged with distinct visions of Security Council reform to address these two issues:

- The Group of Four (Germany, Japan, India, and Brazil);
- The African Union;
- The Uniting for Consensus Coalition (led by Italy and joined by Argentina, Canada, Colombia, Costa Rica, Malta, Mexico, Pakistan, the Republic of Korea, San Marino, Spain, and Turkey).

The Group of Four states seek permanent membership on the Security Council. Their proposal, presented in July 2005, received the support of the following countries: Afghanistan, Belgium, Bhutan, the Czech Republic, Denmark, Fiji, France, Georgia, Greece, Haiti, Honduras, Iceland, Kiribati, Latvia, the Maldives, Nauru, Palau, Paraguay, Poland, Portugal, the Solomon Islands, Tuvalu, and Ukraine.

The geographical composition of the group and its supporters reflects broader trends. The Group of Four, whose project continues to receive Ukraine's backing, brings together states aspiring to global leadership based on their economic strength. The current geopolitical situation compels a reassessment of positions, as the group clearly includes representatives of both the Global South (India and Brazil) and the Global North (Germany and Japan). Moreover, increasing polarization is prompting these states to reconsider established strategies and tactics.

India is increasingly positioning itself as a global actor, with demographic factors contributing to this trajectory. It traditionally emphasizes diplomacy and peaceful coexistence, while simultaneously maintaining its status as a nuclear power. Germany, as a leading member of the European Union, is gradually revising its foreign policy, yet approaches any initiatives with great caution that might imply aspirations to a global role, as the responsibility for the Second World War continues to impose significant self-limitations. Japan is reconsidering its regional security role amid intensifying geopolitical competition with China, while also facing unresolved issues with the Russian Federation that affect its broader international stance, including its prospects of securing a seat alongside the other G4 members in the Security Council. Brazil, meanwhile, aspires to become a global player, particularly given that Latin America and the Caribbean currently lack permanent representation in the Security Council.

According to the G4 model, the composition of the Security Council would be expanded from 15 to 25 members through the addition of six permanent and four non-permanent seats. Decisions in the reformed Council would require 14 out of 25 votes. The distribution of the additional permanent seats is proposed as follows:

- Africa - 2
- Asia - 2
- Latin America and the Caribbean - 1
- Western Europe and Other States - 1

The proposed distribution of the additional non-permanent seats is: one each for Africa, Asia, Eastern Europe, and Latin America and the Caribbean. Notably, the project was formulated at a time when the number of states in these regions differed significantly from that of the 1940s-1960s, which prompted criticism regarding unequal representation of different regions.

The proposed model stipulates that the new permanent members of the Security Council would bear the same duties and responsibilities as the current ones. Importantly, it stipulates that new permanent members may initially refrain from exercising the veto until a separate decision grants them this right. Furthermore, fifteen years after the reform, a comprehensive review of its outcomes is to be conducted, with a final resolution on the veto to be adopted (General Assembly, 2005).

From 2022 to 2025, the Group of Four maintained a stable and consistent position, as demonstrated in meetings of foreign ministers and within the Intergovernmental Negotiations on Security Council reform. The G4 continues to emphasize the need to align the Council's composition with contemporary geopolitical realities and to ensure broader regional representation to strengthen both the effectiveness and the legitimacy of its decisions.

Overall, the G4 model offers a balanced approach: it provides for enhanced regional representation and a compromise stance on the veto. The allocation of additional seats to Africa, Asia, and Latin America has the potential to gain the support of developing countries. At the same time, the Group of Four's willingness to refrain from using the veto until a final decision on the matter is adopted constitutes a concession to the current permanent members of the Security Council. Nevertheless, despite its compromise-oriented nature, the G4 model competes with several other reform concepts that enjoy considerable support among UN member states, notably the African Union model and the Uniting for Consensus initiative.

The African Union's common position, rooted in the Ezulwini Consensus and the Sirte Declaration, sets out a unified stance on Security Council reform: Africa must obtain two permanent and two non-permanent seats. Overall, the African Union opposes the principle of the veto. However, it maintains that as long as the veto power exists, it should also be extended to the new permanent members.

The G4 and African Union reform models are closely aligned on the issue of expanding regional representation. The distribution of additional seats is identical, with the sole difference being the allocation of one additional seat to Africa in the AU model (bringing the total number of Security Council members under the AU proposal to 26). Importantly, the Group of Four has declared its support for the Common African Position. The G4 has also expressed openness to considering the allocation of two additional non-permanent seats for Africa, thereby bringing the G4 model into closer alignment with that of the African Union. This indicates the G4's intention to align more closely with the African Union's concept and to secure the region's support, which holds considerable influence in the General Assembly (Federal Foreign Office, 2022; Federal Foreign Office, 2024; Permanent Mission of the Federal Republic of Germany to the United Nations, 2023). However, a key divergence arises over the veto: while the G4 is prepared to temporarily withhold its extension to new permanent members, the AU insists on full equality for the new permanent members with the current ones (General Assembly, 2005).

The Uniting for Consensus coalition opposes any increase in the number of permanent seats, arguing that such a step would deepen inequality and undermine the Council's effectiveness. Instead, it proposes expanding the number of non-permanent seats from 10 to 20, with two-year terms and the possibility of immediate re-election. The UfC further advocates more radical restrictions on the veto than the G4, including its complete abolition for the P5.

The UfC and the G4 adopt diametrically opposed approaches: the former rejects new permanent members in favor of a rotational model of representation, while the latter advocates the expansion of permanent membership to include key regional players. This conceptual divergence makes the achievement of consensus between them highly unlikely (General Assembly, 2005).

Any reform of the Security Council would require amendments to the UN Charter. This, in turn, necessitates both a recommendation and subsequent ratification by two-thirds of the UN member states, including all P5 members. For this reason, the implementation of reform is impossible without the approval of all permanent members.

The United Kingdom and France have historically shown the greatest openness to expansion under the G4 model, endorsing permanent membership for Germany, Japan, Brazil, and India in a 2008 joint declaration (BBC, 2008). Both countries are signatories to the ACT Code of Conduct, which calls for refraining from exercising the veto in cases of mass atrocities and for enhancing Council transparency by requiring explanations when the veto is exercised (Global Centre for the Responsibility to Protect, 2022). Neither London nor Paris has exercised the veto since 1989, consistently urging the other permanent members to follow suit (Council on Foreign Relations, 2025).

In the context of the UN Secretary-General's consultations on a New Agenda for Peace in 2023, France presented 20 proposals concerning the UN's role in maintaining international peace and security. These included its position on Security Council reform, with support for the G4 states and African representation in both permanent and non-permanent categories of membership. Regarding the veto, France has advocated regulating its use in cases of mass atrocities, a stance underscored by the 2015 French-Mexican political initiative, open to accession by other states, which calls for refraining from exercising the veto in such cases (Ministère de l'Europe et des Affaires étrangères, n.d.).

At the same time, the United Kingdom continues to emphasize the importance of expanding the Security Council and of exercising the veto responsibly. In September 2024, Prime Minister Keir Starmer, during the UN General Assembly session, once again endorsed permanent Security Council membership for the G4 states and for Africa (GOV UK, 2024). London has also called for limiting the use of the veto in cases of mass atrocities and has urged the other permanent members to join the ACT Group's Code of Conduct (UK Parliament, 2025).

The United States, together with its Western allies in the Security Council, supports the expansion of both permanent and non-permanent membership to include representation for Africa, Latin America and the Caribbean - a position explicitly articulated by President Joseph Biden at the UN General Assembly in September 2022 (U.S. Embassy in Ukraine, 2022). This stance was later reiterated by U.S. Permanent Representative to the UN Linda Thomas-Greenfield, who, at a briefing in September 2024, expressed support for granting permanent membership to Germany, Japan, and India, in addition to the aforementioned regions (U.S. Department of State, 2024).

Washington has refrained from explicitly endorsing Brazil for a permanent seat, limiting its support to Latin America and the Caribbean region as a whole. The United States has also maintained its traditional opposition to extending the veto to new permanent members - a stance reaffirmed in Secretary of State Antony Blinken's article "America's Strategy of Renewal: Rebuilding Leadership for a New World" published in October 2024 (Foreign Affairs, 2024). By contrast, the Donald Trump administration currently places little emphasis on Security Council reform, focusing instead on reassessing U.S. participation in and contributions to the UN system (United States Mission to the United Nations, 2025).

Thus, the United Kingdom and France fully support Security Council expansion under the G4 model, while the United States holds a broadly similar position, though conditioned on denying the veto power to new permanent members. However, the positions of China and Russia remain the most challenging factors for implementing reform under the G4 model.

The People's Republic of China is a moderate supporter of Security Council reform. China's 2005 position favoring greater representation of developing countries on a rotational basis remains largely relevant today, as reaffirmed by statements of the Chinese Ministry of Foreign Affairs during the Intergovernmental Negotiations on Security Council reform in February 2024 (Ministry of Foreign Affairs of the People`s Republic of China, 2005; Xinhua, 2024). Beijing's reform strategy centers on preserving the current balance of power while enhancing the role of developing countries. Expansion may include Brazil and India, though China does not explicitly endorse their permanent membership. Chinese rhetoric also avoids endorsing permanent seats for developed countries such as Germany and Japan. Overall, Beijing's stance is closer to that of the UfC coalition than to the G4, diverging sharply on the expansion of permanent seats.

Since 2022, the Russian Federation has consistently upheld its position in favor of preserving the veto for existing permanent members of the Security Council. At the level of the Ministry of Foreign Affairs and the Permanent Mission to the UN, Moscow has expressed support for granting permanent membership to Brazil and India, as well as for strengthening African representation (Carnegie Endowment for International Peace, 2023). Against the backdrop of Russia's confrontation with the West and the inclusion of Germany and Japan on the list of "unfriendly states," Moscow is highly unlikely to support granting them permanent seats.

The positions of China and Russia on Security Council reform diverge from the G4 model, particularly regarding permanent membership for Germany and Japan. Both Moscow and Beijing

are signatories to the second BRICS Johannesburg Declaration (2023), which calls for greater representation in the Security Council for developing countries from Africa, Asia, and Latin America. The document also underscores the importance of strengthening the role of India, Brazil, and South Africa in the UN, and the Security Council in particular (Ministry of External Affairs, 2023). Thus, while Moscow and Beijing formally support reform, in practice they favor limited expansion that preserves their strategic interests within the Council.

Ukraine generally supports the conceptual foundations of the G4 model, which in many respects align with its own position, articulated by President Volodymyr Zelenskyy at the UN Security Council meeting in September 2023. Kyiv calls for expanding permanent membership in the Security Council, emphasizing that Africa, Asia, Latin America, and the Pacific region should obtain permanent representation. President Zelenskyy stressed the importance of including states with significant influence on global security, in particular Germany, Japan, India, and countries of the Islamic world (President of Ukraine, 2023). Kyiv also advocates for the allocation of at least one additional non-permanent seat for Eastern Europe.

At the same time, Ukraine strongly criticizes the veto power, reflecting its direct experience as a victim of aggression by a permanent member of the Security Council - the Russian Federation. Kyiv has joined both the ACT Code of Conduct and the French-Mexican initiative aimed at restricting the use of the veto in cases of mass atrocities. Ukraine's position is that the veto should be progressively restricted and ultimately abolished (Postiine predstavnytstvo Ukrainy pry OON u Niu-Yorku, n.d.).

Thus, Ukraine's position largely aligns with the G4's vision regarding the expansion of both permanent and non-permanent categories of membership and the enhancement of regional representation, particularly through the inclusion of Germany, Japan, India, and African states in the permanent membership of the Council. Kyiv also advocates expanding the Council to include Latin American countries, which could potentially include Brazil. Ukraine's stance on limiting the veto partially aligns with the G4 model, as the Group of Four states have expressed readiness to refrain from using it until a final decision is reached.

Conclusion. The issue of UN Security Council reform remains highly relevant amid contemporary international polarization and the crisis of effectiveness in the global collective security system. The paralysis of the Council, stemming from the abuse of the veto, highlights the structural vulnerability of the body meant to serve as the principal instrument of peace and stability. Against this backdrop, the G4 model emerges as one of the most balanced reform concepts. The initiative seeks to strengthen regional representation and align the Council with current geopolitical realities. The Group of Four's willingness to suspend the use of the veto until the issue is definitively resolved represents a genuine effort to compromise with the existing permanent members and reduce political confrontation.

The comparative analysis has shown that the G4 model is most closely aligned with the position of the African Union, which opens prospects for forming strategic alliances at the General Assembly level. At the same time, the fundamental disagreement with the UfC, which rejects the idea of expanding permanent membership, significantly limits the prospects of achieving universal consensus among UN member states.

The positions of the permanent members of the Security Council reveal differences that will shape the prospects for reform. The United Kingdom and France consistently support the G4 model and African representation; the United States demonstrates selective support, notably refraining from endorsing Brazil's permanent membership and rejecting the extension of the veto; while China and Russia maintain a markedly reserved stance, thereby substantially obstructing the implementation of reform. The disagreement of Moscow and Beijing over the inclusion of Germany and Japan as permanent members renders the realization of the G4 model in the short term highly unlikely.

Ukraine's position on Security Council reform largely aligns with the G4 model. Kyiv supports the expansion of both permanent and non-permanent categories of membership, with particular emphasis on the inclusion of African, Asian, and Latin American states, as well as

Germany and Japan. At the same time, Ukraine's position on the veto issue exhibits certain differences from the stance of the G4. Kyiv advocates the restriction and gradual abolition of the veto right, a stance shaped by its direct experience of aggression by the Russian Federation as a permanent member of the Council.

The Group of Four model holds considerable potential for the gradual reform of the UN Security Council, owing to its compromise-oriented and balanced nature. However, its implementation faces significant political obstacles, particularly the positions of China and Russia, as well as the absence of consensus among all major coalitions. In this respect, the prospects for reform will depend largely on the ability of G4 supporters to mobilize broad backing among member states and build political and diplomatic coalitions with the African Union and Western partners. For Ukraine, advancing the G4 model simultaneously represents an effort to strengthen its own diplomatic position in defending the principles of justice, equality, and the rule of law in international relations.

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ANALYZING THE INTERNATIONAL SYSTEM USING GENERAL SYSTEM ONTOLOGY CONSIDERING THE GLOBAL DEMOGRAPHIC TRANSITION AND THE LAST DECADES OF GLOBALIZATION

АНАЛІЗ МІЖНАРОДНОЇ СИСТЕМИ ЗА ДОПОМОГОЮ ОНТОЛОГІЇ ЗАГАЛЬНОЇ ТЕОРІЇ СИСТЕМ У КОНТЕКСТІ ГЛОБАЛЬНОГО ДЕМОГРАФІЧНОГО ПЕРЕХОДУ Й ОСТАННІХ ДЕСЯТИЛІТЬ ГЛОБАЛІЗАЦІЇ

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***Abstract**. The article aims to update the use of the ontology of general systems theory in the analysis of the evolution of the modern system of international relations. The article analyzes the main schools of modern international relations theory, which in one form or another turn to the ontology of general systems theory together with criticism, inherent limitations in the use of the main categories and patterns of general systems theory. The author focused his analysis on the features of the structure of the international system, especially in the aspect of the element-structure dialectic at the macro level of system organization in order to analyze how global trends in the development of international relations are capable of introducing fundamental changes into the global architecture of international politics in the next decades of the 21st century. At the same time, the author proceeded from the presumption that in the second half of the 21st century social crises associated with the uneven distribution of wealth; economic capabilities, caused by the inefficiency of the economic system in the context of the global trend of population decline in the most industrialized countries; as well as the consequences of the environmental crisis associated with the extreme exploitation level of natural resources, foremost in the countries of the so-called global South, maintaining that aforementioned developments had precipitated the landslide transformations of the post bipolar international system.*

***Key words:** international system, general system theory, globalization, population growth, post bipolar international system.*

***Анотація**. Стаття має на меті актуалізувати використання онтології загальної теорії систем в аналізі еволюції сучасної системи міжнародних відносин. У статті аналізуються основні школи сучасної теорії міжнародних відносин, які у тому чи іншому вигляді звертаються до онтології загальної теорії систем разом із критикою, властивими їм обмеженнями у використанні основних категорій та закономірностей загальної теорії систем. Автор сфокусував свій аналіз на особливостях структури міжнародної системи, особливо в аспекті діалектики елемент-структура на макрорівні системної організації, щоб проаналізувати, яким чином глобальні тренди у розвитку міжнародних відносин здатні внести кардинальні зміни до глобальної архітектури міжнародної політики у наступні*

десятиліття 21 століття. При цьому автор виходив із презумпції, що у другій половині 21 століття соціальні кризи, пов'язані з нерівномірним розподілом багатств; економічні, викликані неефективністю економічної системи за умов глобальної тенденції зменшення чисельності населення найбільш індустріально розвинених держав; а також наслідки екологічної кризи, пов'язаної з екстремальним рівнем експлуатації природних ресурсів, особливо у країнах так званого глобального Півдня, наблизили момент широкомасштабної трансформації всієї пост-біполярної системи міжнародних відносин.

Ключові слова: *міжнародна система, загальна теорія систем, глобалізація, зростання населення, пост-біполярна міжнародна система.*

The current problem. The system analysis of international relations using the ontology of the General Systems Theory was mostly in demand and popular in the 50s and 60s of the 20th century. Modern attempts of the systemic analysis of international relations in the prevailing number of cases are extremely superficial at using the conceptual apparatus of the General Systems Theory in their research into the regularities of international politics in the first half of the 21st century. Therefore, the research task of this paper is an attempt by its author to actualize the use of the ontological premises of the General Systems Theory in the study of modern international relations and international politics.

The aim of the article is to revive the ontology of the General System Theory within the current academic discourse, which over several past decades had become indifferent to the fundamental theoretical premises of the holistic approach presumably inherent to any attempt of a comprehensive analysis of the modern international system.

Analysis of the latest research and publications. The analysis of international relations using the ontology of the general systems theory in the late 1950s and early 1960s made a breakthrough in both theoretical research and applied studies of international politics. However, over time interest in system analysis in international studies gradually began to lose its scientific relevance. Nevertheless, the ontology of the systems approach, in our opinion, is the most relevant to the current state of international relations at conceptualizing global historical trends that will shape the appearance of the political picture of the world soon.

As of date, the author maintains that continued existence of at least two schools of international relations analysis, which both use the ontology of general systems theory as their theoretical basis, are the structural neorealism and the world-system theory.

The constructivism, whose authors position themselves as an alternative to the realistic and liberal tradition in the international relations theory, use the systems approach very inconsistently from the point of view of the general systems theory in its authentic version. Constructivists define the international actor as a set of material interests together with a metaphysical identity, which, in its own right, dominates material interests and, thus, has a decisive influence on the formation of the primary motivations of its foreign policy behavior (*Wendt*, 1992).

According to constructivist ontology, the structure of the international system exists as a result of inter-subject interaction of international actors, which do not necessarily have to be sovereign states. The interaction of international actors itself is discursive in form, which implies that it is social communication in a wider discursive space that includes diplomatic correspondence, media agenda, and social networks. In contrast to the ontology of political realism, which insists that the configuration of the structure of the international system is determined by its anarchic nature, that is, - the absence of supreme power, - constructivists argue that anarchy is only the result of the political elite's misperception of the reality of international politics (*Copeland*, 2000).

At the same time, the authors of constructivism, in addition to the category of "system" itself, do not use other possibilities of the categorical apparatus of the General Theory of Systems, not to mention the laws formulated within its framework. Thus, considering constructivism as a promising direction for bringing the system analysis of international relations closer to the standards of the General Theory of Systems is a dead end perspective (*Zehfuss*, 2002).

The neorealist concept of theoretical studies of international relations from its inception had been focused on presenting the structure of the international system as an uneven distribution of power between nation states perceived as elements of the global international system, - the international actors, - and, fore and foremost, between states with outstanding military and economic capabilities.

The most consistent example of use of the ontology and categories of General Systems Theory within the framework of classical neorealism are the works of K. Waltz, M. Kaplan and R. Rosecrance.

In the works of K. Waltz, the concept of structural determinism is actively used, according to which the configuration of the structure of the international system acts as a determinant of the foreign policy behavior of an international actor (*Waltz*. 1979) Morton Kaplan introduced the scientifically valuable notion of "rules of behavior", according to which the international system remains in a stable state when a critical number of states follow these rules, which fully corresponds to the category of the General Theory of Systems "functional requirements" (*Kaplan,* 1975). R. Rosecrans was one of the few who, within the framework of the neorealist tradition, used the term "mechanism of self-regulation of the system" to characterize the ability of international systems to restore their stable peaceful state (*Rosecrance*, 1977).

Within the framework of the “world-system” theory, their most prominent authors e.g. Samir Amin, Andre Gunder Franc or Immanuel Wallerstein, mirror their neorealist opponents in that they viewed the structure of international relations exclusively in terms of the distribution of power, although they defined it as an economic monopoly on the distribution of economically significant factors, such as capital flows, trade preferences, technology, and investment (*Amin Samir,* 1991), (*Frank, Andre Gunder,* 1980) ,(*Wallerstein Immanuel Maurice,* 1976).

At the same time, most authors of the “world-system” theory do not use the rich ontological arsenal of General Systems Theory, such as: functional requirements, functional equivalents, structural equivalents.

Nevertheless, among the authors of the "world-system" theory there are some scholars who have adopted some, but very significantly basic concepts of the General Systems Theory, for example, their thesis about the progressive process of the System’s self-organization. In this regard, most notably are the articles of George Modelsky, who in some of his recent works maintained the concept of progressive development of the global system of international relations according to the logic of the Lewontin-Campbell self-learning algorithm, an assumption that implies the existence, in some distant future, of the historically terminal stage of globalization and, thus, completion of the self-organization process of international system itself (*Modelski George,* 2005).

The important research results. The international system may be conceptualized as a global network of interactions that occur with a certain level of intensity and produce a characteristic pattern of organization, which unites humanity into a historically integrated civilization. The international system that emerges as a result of interactions and interdependence of its internal parts, exists as an entity because of these interrelationships. The systemic coherence, which begets the self-referencing character of the system, is maintained by the functionality of internal systemic processes. The international system represents a strain of social systems with complex internal dynamics, previous path dependence, and extreme sensitivity to its initial conditions.

The international system comprises elements that interact not solely among themselves, but also influence the entire system as a whole, which in return strictly determines the existence of its internal parts. Hence, this pattern of interaction produces the kind of systemic quality that could not be reduced to the mere attributes of any single element itself. Therefore, each individual element is regarded as a secondary to the whole system, being deprived of any individual existence. They are the primary components of the system that they maintain but provide for only the basic premises of its existence save for its total integrity. Because of this, the systemic analysis treats the individual elements of the system, - the international actors, - as entities bereft of any qualitative meaning, but bestowed only with quantitative attributes.

Taken in its totality, the effects of international actors' interplay with each other create a new reality that supersedes the existence of individual actor. Therefore, the relationship between the actor and the structure is characterized by the domination of the later. This new reality becomes embedded in the structural constraints of the international system. The structure determines the existence of an actor by laying down the framework of possibilities for its individual action. This dialectic of alienation within the systemic stand-off between the actor and the structure represents a hallmark of any complex systems including the international system.

The interaction is intrinsic to the system and the very notion of systemic structure as something that has been organized, ordered, arranged, invests the international system with its core substantial quality. The structure emerges out of interdependence of each individual element with its peers because of interaction between them. At the highest level of an abstract reflection, this theoretical construct of a "structure" may be conceived as spatial and temporal morphology brought about by the interplay of continuity and discontinuity that become reflected in the syntax, describing how these perceived separate clusters form a unified system.

The structure provides a sense to the internal order of international system and concentrates its systemic properties what makes the international system invariable in its basic features for the total lifespan of existence.

The structure determines the parameters specific to a given system by accumulating the properties of the entire system, hence superseding the qualities of its individual components. Changes acting upon one element trigger the chain reaction with effects onto the whole of systemic interactions, thus creating a new reality beyond the event space of each individual international actor or any of the subsystem it is made of.

Most social systems feature hierarchical internal order. The hierarchy manifests itself as structural and functional causation imposed upon individual existence of each element and subsystem that make up the entire system. Power relations are pretty much indicative of how the underlying hierarchy has been shaped. The structural requirements of a hierarchically organized international system are primarily reflected in the functional and rank stratification of the international actors. The systemic level of hierarchy is being manifested either through the concentration of transaction capabilities of every individual international actor as determined by its social rank or through the concordance of the scope and the pattern of their interactions with their respective ranking status.

Systems with high score on these parameters belong to the hierarchical systems featuring clear discernable prevalence of vertically laid down ties of subordination and submission within a given historic configuration of its structure. Systems with low score on these parameters are classified as egalitarian type of systems. One of the important characteristics of the structurally laid out international system is the actor’s systemic exposure which reflects to what degree its individual existence is determined by systemic factors and trends. This variable indicates to what extend and how fast the systemic transformations begin to influence the behavior of a single international actor.

The structure of the international system lays down the principles of establishing and arranging communications between the system’s elements. The element’s communications localized within its immediate environment are in juxtaposition with the totality of communications transcending the entire system. The interpenetration level of network interactions between individual subsystems along with their degree of uniformity with the overarching structure of the entire system form together some of the basic structural requisites of a given international system. The overarching structure of international system may be either dependent on the inputs from its subsystems or determine all the way down their respective structural composition and functioning.

Judging by its structural topology, the international systems may vary in the degree to which they preserve the inner symmetry. Their subsystems may differ in the scope their micro-structure remains equivalent to the macro-structure of the entire system. Assuming this perspective, we may introduce a structure specific variable of fractal dimension, which when increasing indicates the growing level of differentiation within the international system and consequently leads to the

emergence of a loosely organized system with no similar structural traits between the levels of its internal stratification.

Ties that exist between different levels of the social hierarchy are subject to a variety of systemic influences featuring multiple dynamics and forms. Yet, the system dynamics on the highest levels of hierarchy usually tend to be of long-term effect and cyclical nature. This cyclicity is engendered by the fundamental contradiction between the system's quantitative characteristics and its level of internal organization. At a certain point in time the increasing intensity of contacts, exchanges, interactions, and relations that throughout all known human history inevitably accompany the accelerating rate of population growth, result in the collapse of the previously formed unifying structure of the international system. Thereby the process of system self-organization restarts in a new cycle, thou at a different level of complexity and with time specific forms as well as spatial and temporal characteristics.

The processes within the international system are characterized by the dialectics of routine functioning and progressive evolution of the system. The functioning of the system entails no significant changes of its parameters, whereas the system evolution is accompanied by a large-scale transformation of its historically entrenched configuration exceeding the previously set parametric limits. The international system exhibits in its key features the ability of self-organization with the appearance of ever more complex structural topologies as the result of its self-referencing development.

The self-referencing nature of systemic transformations implies that the underlying trends are mainly determined by the system internal mechanics and are largely independent of quantitative features such as its geography or the intensity of inter-actor communications.

The functional requirements of the current international system, can be outlined in terms of grade of internal interdependence within the system, its adaptability to the environmental challenges, the system's feedback mechanism, the system capacity to insure internal integration, the system's balancing capabilities to enable its intrinsic resilience, the self-adjusting potential, the effectiveness of resource allocation throughout pan-system context, the scope of its mandatory behavior standards and the conflict resolution procedures obligatory to individual member states.

Under the existing international system countries had agreed to allow free communications between them, which, in all evidence, had let to their interconnectedness, where actions in one state can have global repercussions, affecting the whole of international community. This presents a major challenge to the current state of the post-bipolar international systems as we know it.

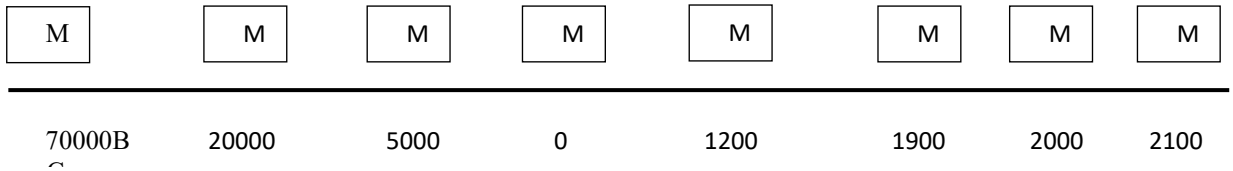
The international system must be flexible enough to adapt to changing global dynamics, including economic shifts, environmental and social changes, which in the current state state of world politics is no longer guaranteed, given the ground breaking change in the US foreign policy under Donald Trump's administration in the USA.

Effective feedback loops are crucial for adjusting policies and practices based on outcomes and emerging issues. This involves monitoring and evaluating the impact of international agreements and actions. However, the post bipolar international system and the one that succeed it failed in securing effective mechanism of counter-balancing dis-functional tendencies within the current international system.

The author maintains that the fundamental process underlying the very formation of the international system, is the population growth in its most global civilizational aspect. The appearance of the first *homo sapiens* anthropologically identical to the modern humans may be traced back to some 200 000 years ago.

However, speaking of human society in modern terms with its highly sophisticated network of social liaisons and inter-connections, it is plausible to presume that the beginning of the modern kind of international relations coincided with the appearance of human social entities around 70000 ago in the south-most regions of the today's South Africa, in which the internal group integration was based upon symbolic common conscience that manifested itself in art and, possibly, religion and the most primary forms of polity as well (15).

Picture 1



The first stage of the development of the international system was marked by explosive demographic processes and the gradual propagation of settlement of the anthropological modern people from their historical homeland, South Africa, across the rest of Earth's continents except Antarctica.

The next macro-event in the development of the international system was the emergence of the first ancient states approximately 5000 years ago. Starting from this moment, a new level of its structural organization appeared in the system, namely the level of political institutions. This was the completion of the first cycle of iteration of political unification of the international system, which from now on was invariably repeated throughout the entire known history of mankind. During the next period of the development of the international system, an evolutionary increase in the intensity of international communication was observed, which ended approximately in the 1st century BC with the formation on the sways of Eurasia of a number of large empires, the development of which was marked by a high degree of synchronicity of socio-economic and political processes. An important stage in the evolution of the global international system was the implementation of the first social project of political unification in the history of mankind within the framework of the world state of the Mongols in the 11th - 14th centuries. The subsequent fragmentation of the Mongolian confederation did not mean the cessation of globalization processes, and already in the 18th century an international system arose, which from now on had a truly planetary character. The modern stage of development of the international system began in the 20th century during which, along with the emergence of the first universal international institutions, the concentration of power opportunities led to the emergence of the phenomenon of a "superpower", - an international actor, - whose actions are capable of destroying the international system as a whole.

Table 1

Mn, Mn+1	70000BC	20000BC	5000BC	0	1200AD	1900AD	2100AD
ΔMn, Mn+1	50000	15000	5000	1200	700	200	
ΔΔMn, Mn+1	35000	10000	3800	500	500		
lnΔΔMn, Mn+1	10,46	9,21	8,24	6,21	6,21		

The Table 1 represents the dynamics of the self-organization of the international system, which suggest that the apparent logarithmic linearity of the human global self-finding project as apparent in its second derivative follows, to a certain extend, the dynamics of the Earth's population growth. It seems permissible to presume the next macro event, which will force humanity to begin a new stage of self-organization at the global scale of international relations system, will begin somewhat earlier. According to the UN forecasts, starting from the end of this century, the planet's population will begin to steadily decline.

Based on modern understanding of the general model underlying the dynamics of demographic process in its global civilizational magnitude, it is logical to assume that the upper limit of the existence of the current international system should be the moment when the number of mankind stabilizes and the great historical period of demographic growth, known to us from the very beginning of human civilization, will come to its end. According to existing forecasts, this may happen as soon as within the next 100 years from now. UN's data on Earth's population growth asserts that by 2080 it might reach its peak of 10.3 billion people with subsequent decline down to 10.2 by 2100 (14). It is then that the international system, as we had known it for centuries, most

likely shall cease to exist and a new global economic, social and political system might arise in its place and the rest of human civilization will continue. Hopefully.

However, the onset of this key moment in the history of mankind, which is associated with a substantial increase in the risks of a large-scale re-configuring of the global system of international relations, eventually can be significantly precipitated by global climate change and the depletion of critical natural resources, which significantly actualize the need to find new configurations of the architecture of the political organization of the international community.

The decline in population on the global scale of the entire world economy is bound to have negative planetary repercussions, such as frequent and prolonged periods of deflation with all the negative effects for economic growth, especially for the most advanced and innovative economies of North America, Europe, and the Far East, especially Japan and South Korea. Less innovative economies, especially those lacking democratic political regimes, such as China, Malaysia and Indonesia, will face not only the problem of ongoing economic depression, but also the aggravation of long-standing internal social and political conflicts. Moreover, the intensity of such conflicts will very quickly lead to their externalization and, as a consequence, to a general increase in the conflict potential throughout the entire international system.

Further increase in temperature on the planet Earth will lead to frequent and intense extreme weather conditions, - droughts, hurricanes and floods, - which will lead to increased unproductive spending in developed economies such as the US or the Netherlands, but will also, for example, cause a large-scale humanitarian catastrophe in the Sahel region of Africa and possibly Bangladesh, Afghanistan and Pakistan, which will become an even greater source of immigration to the EU.

Rising temperatures will lead to a shift in contemporary climatic zones, altering ecosystems and threatening biodiversity, as well as worsening conditions for highly productive agricultural production in Europe, North America and, possibly, in Ukraine that is highly likely to have to deal with the problem of water scarcity, especially in its southern regions. The sheer scale and depth of all these overlapping negative and, possibly, even catastrophic long-term trends and developments shall force humanity into rethinking its format of global organization that, if realized, is bound to supersede in magnitude all previous forms of international order known from the history of human civilization.

Conclusions. The analysis of international relations using the ontology of the General Theory of Systems, especially within the framework of non-Marxist school of the "world-system" theory, as well as within constructivism, seems to become the most promising tendency for the further development of theoretical studies of international relations. Such development should consist in expanding the use of the categorical and conceptual apparatus of the General Theory of Systems, especially those that reveal the nature of the processes of self-organization of the self-referencing non-guided systems, the kind of complex systems to which the system of international relations belongs.

The essence of the phenomenon of international relations consists in the process of globalization, which manifests itself as a transcendental trend throughout the entire history of human civilization, and is marked by emergence of increasingly complex forms of organized coexistence of social entities, along with increased interdependence within the international system. Globalization is not a static process and could evolve, slow down, or reverse depending on global circumstances.

The reason for historically sustainable globalization is the constant growth of human population throughout all known history of mankind. A turning point in this global historical trend, which is predicted by the end of the current century, will lead to an existential crisis of modern civilization, which will become an important factor in a new and cardinal stage of self-organization of the system of international relations. While globalization may face significant challenges, complete "deglobalization" seems unlikely in the next decades of 21st century. Instead, we may see a reconfiguration of how nations and societies interact on a global scale. If the global society should continue in its existence, it would have to adjust its present institutional conditions to a more internally coherent global society.

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СУЧАСНА СИСТЕМА МІЖНАРОДНОГО ПРАВА

УДК 341+349.6+502/504+947.71

CLIMATE REFUGEES AS A CHALLENGE FOR THE LEGAL SYSTEM AND POLICY OF THE EUROPEAN UNION

КЛІМАТИЧНІ БІЖЕНЦІ ЯК ВИКЛИК ДЛЯ ПРАВОВОЇ СИСТЕМИ ТА ПОЛІТИКИ ЄВРОПЕЙСЬКОГО СОЮЗУ

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Abstract. *Climate change is a global problem with environmental, socio-economic and security dimensions and is increasingly affecting human mobility. Climate disasters and environmental degradation force millions of people to flee their homes, but current international legal mechanisms do not provide adequate protection for such persons. The authors of the study emphasize that the EU invests significant resources in regional adaptation measures and financing of climate projects, reflecting the desire to minimize the effects of climate risks through preventive and adaptation tools. At the same time, in this context, international law has enshrined a number of principles — no-harm, polluter pays and common but differentiated responsibilities and respective capabilities that impose increased legal and financial obligations on industrialized countries. The legal status of persons forced to leave their territories due to climatic factors remains unresolved. The 1951 Convention relating to the Status of Refugees does not cover cases of climate-based mobility, which creates a legal vacuum and at the same time exacerbates security challenges for the European region.*

Key words*: International Law, human rights, climate change, Paris Agreement, European Law, "Fit for 55", climate neutrality, climate refugees*

Анотація. *Зміна клімату є глобальною проблемою, що має екологічний, соціально-економічний та безпековий виміри й дедалі сильніше впливає на людську мобільність. Кліматичні катастрофи та деградація довкілля змушують мільйони людей залишати свої домівки, однак чинні міжнародно-правові механізми не забезпечують належного захисту таких осіб. Автори дослідження наголошують, що ЄС інвестує значні ресурси у заходи*

регіональної адаптації та фінансування кліматичних проєктів, що відображає прагнення до мінімізації наслідків кліматичних ризиків через превентивні та адаптаційні інструменти. Разом з тим, у цьому контексті міжнародне право закріпило низку принципів — no-harm, polluter pays та common but differentiated responsibilities and respective capabilities, які покладають на індустріалізовані країни підвищені юридичні та фінансові зобов'язання. Вони відображають прагнення забезпечити більш справедливий розподіл відповідальності за наслідки зміни клімату. Проте, попри існування правових і фінансових механізмів, питання правового статусу осіб, змушених залишати свої території через кліматичні чинники, залишається невирішеним. Конвенція про статус біженців 1951 року не охоплює випадків кліматично зумовленої мобільності, що формує правовий вакуум і водночас загострює безпекові виклики для європейського регіону.

Ключові слова: *міжнародне право, права людини, зміна клімату, Паризька угода, Європейське право, «Fit for 55», кліматична нейтральність, кліматичні біженці.*

Introduction. Climate change has global nature, combining environmental, economic and security dimensions. Among the most significant impacts of climate change is the relocation of people caused by degrading environments and heightened weather extremes. At the same time, there is a significant asymmetry: Europe is the most rapidly heating region, but it is becoming the main direction of movement of climate refugees from other regions, while there are almost no internal large-scale climate migrations within Europe, while the countries of the Global South are facing a massive outflow of population. Historically, the EU has consolidated its ambitious leadership in the fight against climate change and proclaimed the strategic position to develop concepts to address the causes of climate migration by improving global climate policy within the framework of the Green Deal and regional development programs to reduce the impact of climate change on vulnerable regions and populations.

The purpose of the research is to highlight and critically analyse the policies of the European Union in responding to climate-induced displacement. Particular attention is paid to comparing the financial instruments aimed at regional adaptation and support for the countries most affected by climate change with the absence of legal recognition of the status of "climate refugee" in EU legislation and policy.

Recent literature review. To make thorough research of the stated problem, we used the papers of such foreign authors as Bonnie Docherty, Tyler Giannini, Frank Biermann, Ingrid Boas, Andrew Baldwin, Sujatha Byravan, Chella Rajan, Francesca Rosignoli, and Elijah Sritharan, as well as policy and analytical materials of the International Organization for Migration and the World Resources Institute; the Ukrainian scholarly context is represented by Maryna Medvedieva and Roman Yiedelev.

Main research results. In the fight against global warming, there are both moral and legal reasons for placing increased responsibility on the developed countries that have been most affected by climate change to mitigate the effects of industrialization. International human rights law, environmental law and climate conventions recognize that the states that have made the largest contribution to pollution must bear both legal and moral obligations, which obliges states to prevent cross-border harm and minimize the risk of damage to other countries. It was first applied in the *Trail Smelter Arbitration case (Trail Smelter Arbitration, 1941)* and subsequently confirmed by numerous decisions of international and regional courts and tribunals. In addition, the international community recognizes the principle *of "polluter pays"*, which imposes an obligation on industrialized countries to finance measures to stabilize the atmosphere and help the countries most affected by the consequences of climate change *(Rio Declaration, United Nations, 1992)*. This aligns with the concept of "common but differentiated responsibilities and appropriate opportunities", first enshrined in the 1992 UN Framework Convention on Climate Change *(United Nations Framework Convention on Climate Change, 1992)*, and the concept of climate neutrality, which was clearly enshrined in the 2015 Paris Agreement *(Paris Agreement, 2015)*, which became

the basis of the modern architecture of international climate law. They are closely interrelated with the concept of climate justice, which increasingly goes beyond the purely scientific discourse and becomes a central element of political and social debates. At the same time, it was the Paris Agreement that for the first time gave international legal recognition to climate justice, thus transforming it from a scientific and social idea into a legal category *(Medvedieva & Yiedelev, 2024)*.

In the European context, these principles are reflected in the European Climate Law *(Regulation (EU) 2021/1119, 2021)* and the "Fit for 55" package *(European Commission, 2021)*, which provide not only for achieving climate neutrality by 2050, but also for the creation of mechanisms for financial and social support for vulnerable groups. In particular, through the Just Transition Fund and other instruments, the EU is trying to ensure a balance between environmental obligations, economic interests and social stability. This approach demonstrates a commitment to integrating climate goals into the broader context of human rights, intergenerational responsibility and sustainable development.

The issue of climate justice is closely linked to the issue of climate refugees. According to a report by the International Organization for Migration, 281 million international migrants were recorded in 2020, a figure equivalent to 3.6 percent of the world's population, which is 128 million more than in 1990 and three times the estimated number of 1970 *(International Organization for Migration, 2023)*. At the same time, as of today, between 3.3 billion and 3.6 billion people live in countries that are highly vulnerable to climate impacts, such as most of sub-Saharan Africa, South Asia, Central and South America, where poverty and weak institutional capacity of governments are subject to regional conflicts, and existing inequalities and development challenges increase sensitivity to climate hazards *(International Organization for Migration, 2023)*. As the capacity of communities to adapt is limited, inadequate policies to mitigate climate change can provoke risks of increasing injustice, which is why the Intergovernmental Panel on Climate Change (IPCC) identifies a number of measures that should support a just transition to a climate-resilient and zero-emission future *(World Resources Institute, 2023)*.

In the context of the growing scale of forced displacement caused by the deepening climate crisis and related extreme weather events, cross-border population movements are attracting increasing attention. In this regard, the terms "climate refugees" and "climate migrants" are spreading in scientific and political discourse.

Well-known scientists Frank Biermann and Ingmar Boas in their studies define the category of “climate refugees” as “persons who must leave their places of residence immediately or in the near future, due to sudden or gradual changes in their natural environment, which is associated with at least one of the three consequences of climate change: sea level rise, extreme weather events, drought and water scarcity” *(Biermann & Boas, 2010)*. Scientists Bonnie Docherty and Tyler Giannini give a similar definition: they consider “climate refugees” to be persons who “are forced to leave their home and move temporarily or permanently across state borders as a result of sudden or gradual destruction of the environment due to climate change” *(Docherty & Giannini, 2009)*.

Scientist Andrew Baldwin defines a “climate migrant” as “a person who is forced or voluntarily forced to leave their home as a result of the direct or indirect possibility of climate change” *(Baldwin, 2013)*. Scientists Sujata Byravan and Siddharth Chandra Rajan specify the definition, in their opinion, “climate migrants” are “persons who are displaced due to the impact of climate change observed in Africa or Asia during droughts or severe floods” *(Byravan & Rajan, 2017)*.

The right to leave the country of origin is enshrined in Article 13 of the Universal Declaration of Human Rights, which does not give rise to a corresponding obligation for states to receive such persons. At the same time, refugees and asylum seekers are recognized as having special protection under international humanitarian law, the 1951 Convention relating to the Status of Refugees and its 1967 Protocol. The principle of non-refoulement of refugees is enshrined in Article 33(1) of the Convention relating to the Status of Refugees, according to which no Contracting State shall expel or return a refugee in any way to the borders of countries where there

is a threat to his life or freedom because of race, religion, nationality, membership of a particular social group or political perversions, which, according to the famous researcher Francesca Rosignoli, should be complemented by "threats or consequences of climate change" *(Rosignoli, 2022)*. Renowned scholar Elijah Samuel Sritharan also concludes that the 1951 Convention relating to the Status of Refugees is not adapted to today's challenges related to climate change *(Sritharan, 2023)*. In his opinion, the lack of a legal framework for the protection of climate-displaced persons requires reforming approaches to determining refugee status through the inclusion of a human rights dimension and taking into account socio-economic vulnerability and discrimination. The researcher emphasizes that adapting the provisions of the Convention to new challenges can reduce political tension and social instability in recipient countries.

Following the Summit on Refugees and Migrants of September 19, 2016, organized by the UN General Assembly, the New York Declaration for Refugees and Migrants (Resolution 71/1) was adopted, which, among other things, recognizes that the growing number of people fleeing wars, violence, human rights violations, natural disasters and the consequences of climate change requires global and long-term solutions *(United Nations General Assembly, 2016)*. Annex II of the New York Declaration initiated a process of intergovernmental consultations and negotiations on the development of the Global Compact for Safe, Orderly and Regular Migration, which was approved in 2018 by the majority of UN Member States at an intergovernmental conference in Marrakech. This intergovernmental agreement is based, in particular, on the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the UN Convention on Climate Change, the UN Convention to Combat Desertification, the Paris Agreement, as well as the 2030 Agenda for Sustainable Development and the Sendai Framework for Disaster Risk Reduction.

The European Union played an important role in the preparation of the Global Compact for Safe, Orderly and Regular Migration and has consistently positioned itself as a global player in the field of migration policy, but at the final stage before the adoption of the treaty, eleven EU member states abstained from supporting it. At the same time, in parallel, in accordance with the annual work program of the European Commission for 2017, the Directorate-General for International Cooperation and Development allocated EUR 1.7 million to support the process of this migration treaty *(European Parliament, 2017)*.

By its nature, the Global Compact on Migration is not a binding document, it once again emphasizes and respects the sovereign right of states to determine who has the right to enter and remain in their territory, and demonstrates a commitment to international cooperation in the field of migration *(United Nations, 2018)*. While among the proclaimed objectives is a call to "minimize the adverse factors and structural factors that force people to leave their country of origin", for which, among other things, according to the text, it is proposed "to develop strategies for adaptation and resilience to natural disasters, adverse effects of climate change and environmental degradation, such as desertification, land degradation, drought and sea level rise, taking into account the potential consequences for migration, recognizing that adaptation in the country of origin is a priority" *(International Organization for Migration, n.d.)*. An important aspect is that according to paragraph 4 of the preamble, a distinction is made between the application of legal mechanisms to migrants and refugees, since they are separate groups and only "refugees are entitled to specific international protection as defined by international refugee law", however, according to the Compact, a new category of "climate migrants" has not been created.

Despite the fact that a significant number of developing countries have called on the European Union to grant climate migrants refugee status, individual EU member states did not support this idea *(European Parliament, 2021)*.

In 2018, the European Commission put forward a proposal to address the underlying problems that underlie illegal migration, such as poor development, demography, lack of opportunities, climate change and inequality *(European Commission, 2018)*. In line with this proposal, the Pact on Migration and Asylum, which is a set of ten pieces of legislation, was adopted in 2024 and will become effective in 2026, aimed at protecting refugee status and offering better

integration of legal immigrants *(European Commission, 2020)*. However, climate change has never been recognized as a cause of migration, nor has it been taken into account as a valid motive for seeking asylum.

At the same time, the EU proclaims a strategic position to develop concepts to eliminate the causes of climate migration by improving global climate policy within the framework of the Green Deal and regional development programs to reduce the impact of climate change on vulnerable regions and populations. In particular, the Green Deal Communication stipulates that the EU will cooperate with international partners to strengthen climate and environmental resilience in order to avoid the challenges associated with these issues turning into drivers of conflict, food shortages, displacement and forced migration, while also promoting a fair global transition *(European Commission, 2019)*. Climate has been acknowledged several times by both the European Commission and the European Parliament as a catalyst for migration *(European Parliament, 2021)*. Nevertheless, the so-called Asylum Procedures Directive (Directive 2011/95/EU of the European Parliament and of the Council of 13 December 2011 on standards for the qualification of third-country nationals or stateless persons as beneficiaries of international protection, for a uniform status for refugees or for persons eligible for subsidiary protection, and for the content of the protection granted) do not cover environmental degradation in general and climate change in particular as a basis for refugee status.

Although the current Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof doesn't contain climate change as the reason for granting refugee status, some authors give their own interpretation of its provisions. The Directive defines "displaced persons" as third-country nationals or stateless persons who have had to leave their country or region of origin, or have been evacuated, and are unable to return in safe and durable conditions because of the situation prevailing in that country, who may fall within the scope of Article 1A of the Geneva Convention or other international or national instruments giving international protection, in particular: (i) persons who have fled areas of armed conflict or endemic violence; (ii) persons at serious risk of, or who have been the victims of, systematic or generalised violations of their human rights. There is no room for climate change or environmental disasters. Nevertheless, Mustafa T. Karayigit and Av. Merve Kilic are of the opinion that "in light of Article 2 (ii) of the Temporary Protection Directive, displacement occurred by climate change-induced disasters can be considered as a serious risk or systematic or generalised violations of human rights" *(Karayiğit & Kılıç, 2021)*.

While the legal status of "climate refugees" remains an issue, a more holistic approach to climate change mitigation, which includes, among other things, the restoration of biodiversity, according to the EU's declared doctrine, may, over time, offer a more effective means of confronting the root causes of climate displacement. The European Commission has proposed the Nature Restoration Act, which "sets specific, legally binding goals and obligations for nature restoration in each of the listed ecosystems – from terrestrial to marine, freshwater and urban" *(European Council, 2024)*.

These principles underpin the financial architecture of global climate governance. The contributions of EU Member States to international commitments totaling USD 100 billion as of early 2022 demonstrate that they not only reduce their own emissions but also provide financial support to other countries in addressing the impacts of climate change.

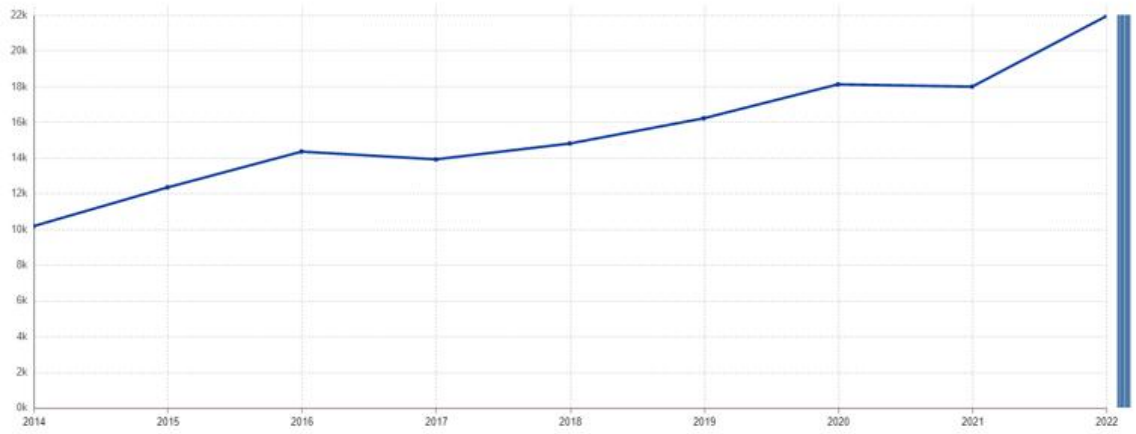

Image 1.
Contributions to international commitments in the amount of USD 100 billion for climate-related expenditures by EU countries in total at the beginning of 2022 (Source: data.europa.eu)

Conclusions. For the first time, the Paris Agreement provided international legal recognition of climate justice, introducing, in particular, related principles — the principle of justice and the principle of common but differentiated responsibilities and related opportunities, as well as providing for financial support. The issue of climate justice is closely linked to the issue of climate refugees. Since the 1951 Convention relating to the Status of Refugees does not cover cases of climate-based mobility, the EU has invested diplomatic efforts and financial resources in the preparation of the Global Compact for Safe, Orderly and Regular Migration in order to form agreed rules at the global level, consolidate responsibility-sharing mechanisms and promote a European balance between manageability of migration flows and human rights standards. At the same time, by its legal nature, the Global Compact on Migration is not a binding document, according to it, the sovereign right of states to determine who has the right to enter and remain in their territory is respected. According to the Treaty, a new category of "climate migrants" was not generated. Although the legal status of "climate refugees" remains unresolved, the EU proclaims a strategic course to address the causes of climate migration by improving climate policies under the Green Deal and adaptation programs for vulnerable regions. The Union expresses solidarity and participates in the financing of such measures, which, according to the proclaimed concepts, can ultimately contribute more effectively to addressing the root causes of climate migration.

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LEGAL REGULATION OF VIRTUAL ASSETS IN THE SWISS CONFEDERATION

ПРАВОВЕ РЕГУЛЮВАННЯ ВІРТУАЛЬНИХ АКТИВІВ У ШВЕЙЦАРСЬКІЙ КОНФЕРЕНЦІЇ

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Abstract. *The present article is devoted to an analysis of the current legal regulation of virtual assets in the Swiss Confederation. The author conducts a thorough analysis of the advantages and disadvantages of the relevant regulatory framework, as well as the possibility and feasibility of implementing most of the provisions of legislative acts into Ukrainian legislation. Due to the lack of scientific research analysing the main regulatory norms and definitions, it became necessary to examine the current legal system of the Swiss Confederation, which is one of the most preferred jurisdictions for the registration and operation of companies in the sector of virtual assets in the world. To study the current state of legal regulation of virtual assets in the Swiss Confederation, comparative, analytical, inductive, hypothetical, and systematic methods were used. As a result of the study, the author identified the peculiarities of the classification of virtual assets. The specifics of taxation of virtual assets were analysed, in particular those related to areas such as virtual asset mining. The characteristics of legislation on combating the legalisation of proceeds from crime in this area are presented. The requirements for conducting an ICO were examined. Current changes in existing legislation and regulatory approaches that are being implemented for the exchange of information on virtual assets with partner states are analysed. It is concluded that the Swiss Confederation has succeeded in creating an adaptive system of legal regulation of virtual assets that strikes a balance between innovation and investor protection and market integrity. Although the definitions in the legislation on virtual assets were chosen from among those that already have established practice of use, it is the approach to regulation that stands out from other jurisdictions. For implementation into Ukrainian legislation, it may be advisable to adopt not only the basis of the terminological system, but also the principles on which such a harmonious regulatory system is built, which may facilitate the exchange of information with partner countries to combat tax avoidance or other financial crimes.*

Keywords: *virtual assets, tokens, DLT, Swiss Confederation, ICO.*

Анотація. *Стаття присвячена дослідженню сучасного правового регулювання віртуальних активів у Швейцарській Конфедерації. Автор аналізує переваги та недоліки відповідної нормативно-правової бази, а також можливість та доцільність імплементації найбільш ефективних положень законодавчих актів до українського законодавства. У зв'язку з відсутністю наукових досліджень, які би проаналізували основні регуляторні норми та дефініції, виникла необхідність розглянути сучасну правову систему Швейцарської Конфедерації, яка є однією з найпопулярніших юрисдикцій для реєстрації та діяльності компаній у галузі віртуальних активів у світі. Для дослідження сучасного стану правового регулювання віртуальних активів у Швейцарській Конфедерації, були використані порівняльний, аналітичний, індуктивний, гіпотетичний, та системний методи. В результаті дослідження визначено особливість класифікації віртуальних активів. Було проаналізовано особливості оподаткування віртуальних активів, зокрема ті, що стосуються таких напрямів, як майнінг віртуальних активів. Приведено особливості законодавства щодо боротьби з легалізацію доходів, одержаних злочинним шляхом у цій галузі. Досліджено вимоги щодо проведення ICO. Розглянуто актуальні зміни існуючого законодавства і регулятивного підходу, які впроваджуються для обміну інформацією щодо віртуальних активів з державами-партнерами. Робиться висновок, що Швейцарській Конфедерації вдалося створити адаптивну систему правового регулювання віртуальних активів, яка забезпечує баланс між інноваціями та захистом інвесторів і цілісністю ринку. Хоча дефініції в законодавстві щодо віртуальних активів були обрані серед тих, що вже мають усталену практику використання, саме підхід в регулюванні вирізняється на фоні інших юрисдикцій. Для імплементації в українське законодавство може бути доцільною не тільки основа термінологічної системи, але також і самі принципи, за якими побудована така гармонійна система регулювання, що може сприяти можливості обміну інформацією з державами-партнерами для боротьби з ухиленням від сплати податків або іншими фінансовими злочинами.*

Ключові слова: *віртуальні активи, токени, DLT, Швейцарська Конфедерація, ICO.*

Introduction. The virtual asset sector has been one of the most dynamic financial and technological sectors for over a decade. However, a significant portion of global jurisdictions have yet to regulate this area, which maintains uncertainty in legal regulation and complicates the protection of investors' rights in such assets.

One of the recognised leaders in introducing such regulation is the Swiss Confederation, whose legislation in this area serves as a model for other jurisdictions.

The Swiss Confederation has decided to establish automatic exchange of information on virtual assets with partner states, including all EU member states and the United Kingdom, so this experience will be useful for Ukrainian lawmakers in introducing similar regulations into Ukrainian legislation, which will also help in the combat against tax avoidance from transactions involving virtual assets. This article will examine which legal norms have proven to be most appropriate.

The purpose of the article is to analyse the legislation of the Swiss Confederation in order to identify the most appropriate norms and definitions that can be further implemented in Ukrainian legislation, and to outline regulations that have permitted the establishment of a transparent regulatory system that can be efficiently integrated into broader international systems.

Literature review. Analyses of the legal regulation of virtual assets in Switzerland have not been previously addressed in the Ukrainian scientific literature, and it is possible to find abroad only some advice from practicing lawyers on Internet portals in Switzerland and Germany, but there are no specialised researches on this topic in the scientific literature.

Thus far, the legislation directly, government commentaries and reports are the most complete and reliable source of information on the regulation of virtual assets.

Main results of the research. The Swiss Confederation (Switzerland) is a globally recognised pioneer in the field of financial innovation, and its approach to virtual assets reflects this status. The jurisdiction has established a comprehensive regulatory framework that supports the development of blockchain and virtual assets through regulatory certainty and a business-oriented approach. Recent legislative updates include the Federal Act on the Adaptation of Federal Law to Developments in Distributed Ledger Technology (*DLT Act, 2020*), which came into force in 2021, and several amendments to existing laws to integrate distributed ledger technology into the Swiss legal system, enabling it to maintain its leadership in this sector.

The Swiss Financial Market Supervisory Authority (FINMA) is the main regulatory body responsible for overseeing the virtual asset sector. FINMA applies a technology-neutral regulatory approach, whereby legislation applies equally to traditional financial services and activities carried out via blockchain or involving virtual assets. In addition, FINMA has published guidelines (*FINMA. Guidelines on ICOs, 2024*) to clarify its position on issues related to initial coin offerings (ICOs), stablecoins and other virtual assets.

Moreover, the DLT Act has modernised Swiss legislation to take account of developments in blockchain technology. The DLT Act introduced new provisions relating to the storage and transfer of virtual assets and clarifies the rights of owners of such assets in the context of bankruptcy proceedings.

In Switzerland, virtual assets are regulated by several acts that address different aspects of the sector. The primary legislative instruments are the Financial Market Infrastructure Act (*FinMIA, 2015*), the Federal Act on Financial Institutions (*FinIA, 2018*) and the Anti-Money Laundering Act (*AMLA, 1998*). These legislative acts jointly regulate the issuance, trading and storage of virtual assets to ensure Switzerland's compliance with international financial standards, particularly in the areas of investor protection and anti-money laundering.

Furthermore, AMLA is the key piece of legislation in this context. The legislation applies to financial intermediaries, which include companies providing services related to virtual assets. AMLA requires these service providers to follow due diligence procedures, including customer identification, transaction monitoring and reporting suspicious activity to FINMA. Any company involved in the exchange or storage of virtual assets is required to comply with the above anti-money laundering rules.

According to the guidelines established by FINMA, virtual assets are divided into three categories:

a) payment tokens, which include cryptocurrencies, are digital assets used as a means of payment;

b) utility tokens provide access to a specific service or application on the blockchain;

c) asset tokens are defined as a claim on an underlying asset, such as real estate or shares, and are therefore considered securities.

The above classifications are important because they determine which regulatory requirements apply to them. For example, payment tokens are not subject to securities legislation, while asset tokens are.

The regulatory environment in Switzerland is undergoing a period of significant evolution to adapt to the rapid spread of blockchain technology and virtual assets. One of the most anticipated developments was the implementation of the DLT Act, which amended a number of existing laws, including the Swiss Code of Obligations. The purpose of these changes is to strengthen legal certainty regarding the ownership and transfer of digital assets, as well as to facilitate trading in tokenised securities on DLT platforms.

Other important regulatory changes include the Council's dispatch on 6 June 2025 (*Swiss Federal Council, 2025*) to join in the exchange of information on virtual assets within the framework of the Automatic Exchange of Crypto-Asset Information (AEOI) network developed by the OECD, which includes 74 partner countries, including all EU member states. The aim of this

network is to combat tax avoidance through cross-border fraud. The accession is scheduled for 1 January 2026, with the first exchange of information taking place in 2027.

Another legislative innovation is the introduction of more detailed rules that are also relevant for stablecoins, which are attracting increasing attention from Swiss supervisors. FINMA is closely monitoring the use of stablecoins and has issued specific recommendations for their integration into the existing legal framework. The regulatory status of stablecoins may vary depending on their specific characteristics. They may be regulated as securities, payment instruments or even investment funds, depending on their structure and the risks associated with them.

To legally conduct business related to virtual assets in Switzerland, companies must obtain the appropriate licences from the FINMA. Specific regulatory requirements depend on the services offered (*Swiss Code of Obligations, 1911*). Companies offering cryptocurrency exchange services, wallet storage or cryptocurrency asset management are required to obtain a financial intermediary licence and are subject to the provisions of the AMLA.

In addition, companies trading in security tokens are required to comply with the relevant securities provisions set out in FinMIA. This involves obtaining authorisation from FINMA as a securities dealer or financial intermediary. For example, if a company offers crypto custody services, it must demonstrate that it has robust internal systems designed to protect client assets, fulfil the necessary reporting obligations and comply with the relevant anti-money laundering (AML) rules. Licensing procedures typically involve the submission of comprehensive documentation relating to operational activities, financial structure, risk management procedures and compliance systems.

The regulation of exchanges and ICOs in Switzerland is characterised by strict regulatory oversight. To facilitate the purchase, sale and trading of virtual assets, exchanges must comply with the requirements of AMLA and FinMIA. In particular, these exchanges are required to implement robust AML measures, including customer identification procedures, transaction monitoring and reporting of suspicious activity. In addition, it is essential that they ensure compliance with investor protection legislation, especially when trading tokens of assets that are classified as securities.

Another feature of ICO regulation is that Switzerland was one of the first countries to issue comprehensive regulatory guidance through FINMA. The regulatory classification of an ICO depends on the type of token issued, which can be classified as a payment token, utility token or asset token. In the case of an ICO issuing asset tokens, the organisers are subject to securities legislation, specifically the Federal Intermediated Securities Act (*FISA, 2009*). In such cases, a detailed prospectus must be provided, which must be approved by FINMA. In contrast, utility tokens may not be subject to the same level of scrutiny. Nevertheless, ICO issuers are still required to comply with certain transparency and anti-fraud requirements.

It should be noted that virtual asset mining activities are not explicitly regulated in Switzerland. Nevertheless, entities engaged in virtual asset mining are required to comply with the general financial and tax regulations of this jurisdiction. Mining is considered a commercial activity, and any income derived from mining is subject to taxation. In addition, if mining is carried out on a significant scale, the enterprise may be required to register as a financial intermediary under AMLA if it engages in ancillary activities such as the sale of mined virtual assets.

The tax regime for virtual assets in Switzerland is generally relatively favourable, although the specific conditions and rates may vary depending on the type of entity and transaction. For individuals, virtual assets that are part of personal property are generally exempt from income tax. However, if the assets are traded on a regular basis or are part of a business, the profits from such trading may be subject to income tax.

For businesses, profits from virtual asset transactions are treated as ordinary corporate income and are subject to corporate tax. In addition, if a company provides services related to virtual assets, such as custody or exchange services, it is required to comply with value added tax legislation. It should be noted that Switzerland does not impose value added tax on transactions involving the sale of payment tokens such as Bitcoin, as they are treated in the same way as fiat currencies.

Conclusions. Switzerland is therefore a global leader in the field of virtual assets due to its stable and transparent regulatory environment, which ensures a balance between innovation and investor protection and market integrity. Switzerland's technology-neutral approach has enabled the creation of a flexible regulatory framework that can adapt to future developments in the blockchain space. The division of tokens into three distinct types – payment, utility and asset tokens – provides businesses and investors with a clear framework for understanding the regulatory requirements that apply to them.

FINMA's proactive stance on licensing, combined with the integration of blockchain technology into a broader legal framework through the DLT Act, positions Switzerland as a model for crypto asset regulation. However, as the virtual asset market continues to evolve, it is likely that the Swiss Federal Council will continue to improve its regulatory approach, particularly in areas such as stablecoins, tokenised assets and the integration of DLT into traditional financial systems.

Ukrainian legislators may find not only the terminology system to be of great value, but also the very principle of building a harmonious regulatory system that does not contain conflicts and is ready for the implementation of new provisions into legislation that regulate the exchange of information with partner states to combat tax avoidance or other financial crimes.

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ОСОБЛИВОСТІ РОЗВИТКУ СВІТОВОГО ГОСПОДАРСТВА ТА МЕВ

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MANAGING SUSTAINABILITY IN HIGHER EDUCATION: THE IMPACT OF INTERNATIONAL ECONOMIC RELATIONS ON INSTITUTIONAL STRATEGIES

УПРАВЛІННЯ СТАЛІСТЮ У ВИЩІЙ ОСВІТІ: ВПЛИВ МІЖНАРОДНИХ ЕКОНОМІЧНИХ ВІДНОСИН НА ІНСТИТУЦІЙНІ СТРАТЕГІЇ

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Abstract. *This article investigates the transformation of institutional strategies in higher education institutions (HEIs) under the influence of international economic relations, with a focus on achieving sustainable development. The purpose of the study is to develop conceptual approaches to managing sustainability in higher education through the integration of global practices and sustainability indicators. The objectives include: systematizing the theoretical foundations of HEI sustainability; analyzing the dynamics of key sustainability indicators in an international context; examining best practices from leading universities; and modeling strategic scenarios using cooperative game theory. The research methodology combines systems and comparative analysis, content analysis of global rankings (QS, THE, ARWU), an indicator-based approach, case studies, and a game-theoretic simulation of strategic decision-making. Particular attention is given to the analysis of universities that have successfully integrated sustainability principles into their governance and educational models—namely, the University of Cambridge, Aalto University, and the University of Amsterdam. The findings demonstrate that the implementation of ESG principles, strategic alliances, and adaptation to international financial and economic trends significantly enhance HEI performance in global rankings. The developed game-theoretic payoff matrix allows for the simulation of rational university behavior regarding investments in sustainability from both short- and long-term perspectives. The scientific novelty lies in building a theoretical and practical basis for the transformation of management approaches in higher education institutions, which combines strategic forecasting, simulation modeling, and institutional structuring of policies.The proposed recommendations can be used to formulate*

national and institutional strategies for transforming Ukraine's higher education system within the global context.

Key words: *sustainability governance, sustainable development, higher education institutions, international economic relations, institutional strategies, ESG, digital transformation, strategic alliances, digitalization, management.*

Анотація. *У статті досліджено трансформацію інституційних стратегій закладів вищої освіти (ЗВО) під впливом міжнародних економічних відносин із фокусом на забезпечення сталого розвитку. Метою дослідження є розробка концептуальних підходів до управління сталістю у вищій освіті шляхом інтеграції глобальних практик та індикаторів сталого розвитку. Завданням роботи є: систематизація теоретичних основ сталого розвитку ЗВО; аналіз динаміки ключових показників сталості в міжнародному розрізі; вивчення практик провідних університетів світу; моделювання сценаріїв управлінських стратегій із використанням кооперативної теорії ігор. У процесі дослідження застосовано методи системного та порівняльного аналізу, контент-аналіз міжнародних рейтингів (QS, THE, ARWU), індикаторний підхід, кейс-стаді, а також побудовано ігрову матрицю стратегічних рішень для ЗВО. Особливу увагу приділено аналізу університетів, які інтегрували принципи сталості в управлінські та освітні моделі — University of Cambridge, Aalto University, University of Amsterdam. Результати дослідження демонструють, що впровадження ESG-принципів, стратегічних альянсів та адаптація до міжнародних фінансово-економічних трендів сприяє підвищенню позицій ЗВО у глобальних рейтингах. Розроблена матриця виграшів на основі теорії ігор дозволила змоделювати раціональну поведінку університетів щодо інвестування в сталість у коротко- та довгостроковій перспективі. Наукова новизна полягає у побудові теоретико-практичної основи трансформації управлінських підходів ЗВО, що поєднує стратегічне прогнозування, симуляційне моделювання та інституційне структурування політик. Запропоновані рекомендації можуть бути використані для розробки національних та локальних стратегій трансформації системи вищої освіти в Україні з урахуванням глобального контексту.*

Ключові слова: *стале управління, сталий розвиток, заклади вищої освіти, міжнародні економічні відносини, інституційні стратегії, ESG, цифрова трансформація, стратегічні альянси, цифровізація, управління.*

Introduction. In the 21st century, higher education institutions (HEIs) are increasingly viewed not only as educational and scientific institutions, but as strategic agents of sustainable development, capable of shaping innovative, economic and socio-cultural transformations at the national and global levels. In this context, there is a need to rethink traditional university management models taking into account multi-vector challenges - from environmental responsibility and digital transformation to ethical governance and resilience to crises. The task of forming institutional strategies that correspond to the concept of sustainability in a broad interdisciplinary sense, including ESG (Environmental, Social, Governance) components, is becoming particularly relevant. In the modern globalized environment, international economic relations have a significant impact on the strategic dynamics of universities, which determine access to funding, participation in international academic networks, positioning in rankings, quality standards and indicators of sustainable development. Higher education institutions operate in a space of transnational competition, where the ability to integrate into international initiatives, adapt management models to external challenges and ensure institutional sustainability becomes a determining factor in their success.

Despite the existence of separate studies devoted to ESG components in university management or transformations of educational systems under the influence of international trends,

there is still no holistic approach to analyzing the relationship between international economic processes and institutional strategies for sustainable development of higher education institutions, in particular in conditions of crisis uncertainty. This gap is especially noticeable for post-socialist countries, such as Ukraine, which are in a situation of multidimensional transformation and seek to integrate into the European Higher Education Area.

The purpose of the article. The aim of the article is to scientifically substantiate the role of international economic factors in the formation of sustainable development strategies of higher education institutions, taking into account global challenges, ESG standards, the dynamics of key indicators and the international experience of leading universities. Within the framework of this aim, the authors: systematize the theoretical foundations of sustainable development of HEIs; analyze empirical data on the dynamics of international integration and positions in rankings; carry out a comparative analysis of university cases; model scenarios of management decisions using game theory; formulate practical recommendations for Ukrainian universities in conditions of crisis transformation.

This approach allows not only to identify key external impulses of sustainability, but also to offer a theoretical and practical basis for the transformation of HEI management approaches.

Literature review. The research used a number of interdisciplinary sources that allow comprehensively revealing the theoretical, methodological and applied aspects of sustainable development management of higher education institutions in the context of international economic relations. The article by Boichenko E., Martynovych and Shevchenko I. *(Boichenko, 2021)* is one of the key ones for understanding the cognitive modeling of sustainable development concepts, which is the theoretical basis for building institutional models of HEI transformation. The authors propose an interdisciplinary approach, where sustainable development is considered as the result of the interaction of social, economic and technological factors, which is fully correlated with the logic of ESG strategies. In his work, Shevchenko I. *(Shevchenko, 2024)* focuses on the issues of digital inclusion and digitalization of public administration. Although the study is focused on telemedicine, it contains relevant approaches to digital transformation in conditions of instability, which can be applied to the HEI system, in particular during a military conflict. In the study of Lytvynov O. et al. *(Lytvynov, 2025),* the authors develop a model of sustainable development of universities, based on the principles of integration and efficiency. The article proposes mechanisms for managing institutional sustainability that can be adapted to domestic HEIs, taking into account international experience.

The study of Kaplia et al. *(Kaplia, 2024)* presents a multidisciplinary approach to assessing educational processes in conditions of military conflict, emphasizing flexibility, transformation of strategies and adaptation to external threats. This study is valuable for analyzing the factors of crisis resilience of the HEI system. The information and analytical base of the study was built on the basis of leading international rankings: QS World University Rankings, Academic Ranking of World Universities (ShanghaiRanking), Times Higher Education Impact Rankings, U.S. News Best Global Universities Rankings. These sources allowed for a comparative analysis of the positions of universities, which achieved significant results due to the integration of sustainability principles. They also became the basis for constructing tables of the dynamics of the ratings for 2021–2024. The analysis of the sources allowed for the formation of a holistic picture of the influence of international economic relations on the transformation of institutional strategies of higher education institutions towards sustainability.

Main results of the research. Sustainable development in higher education is interpreted as the systemic ability of a university to ensure a balance between educational, scientific, social and environmental functions in the long term, taking into account global challenges and local needs. In this context, “sustainability” in higher education institutions means not only environmental responsibility, but also economic efficiency, social justice, organizational flexibility and the ability to self-reproduce. This means that universities should not only respond to change, but also proactively shape an environment of innovation, ethical leadership and intersectoral interaction. The

author's vision of the strategy for sustainable management of higher education institutions is presented in Fig. 1.

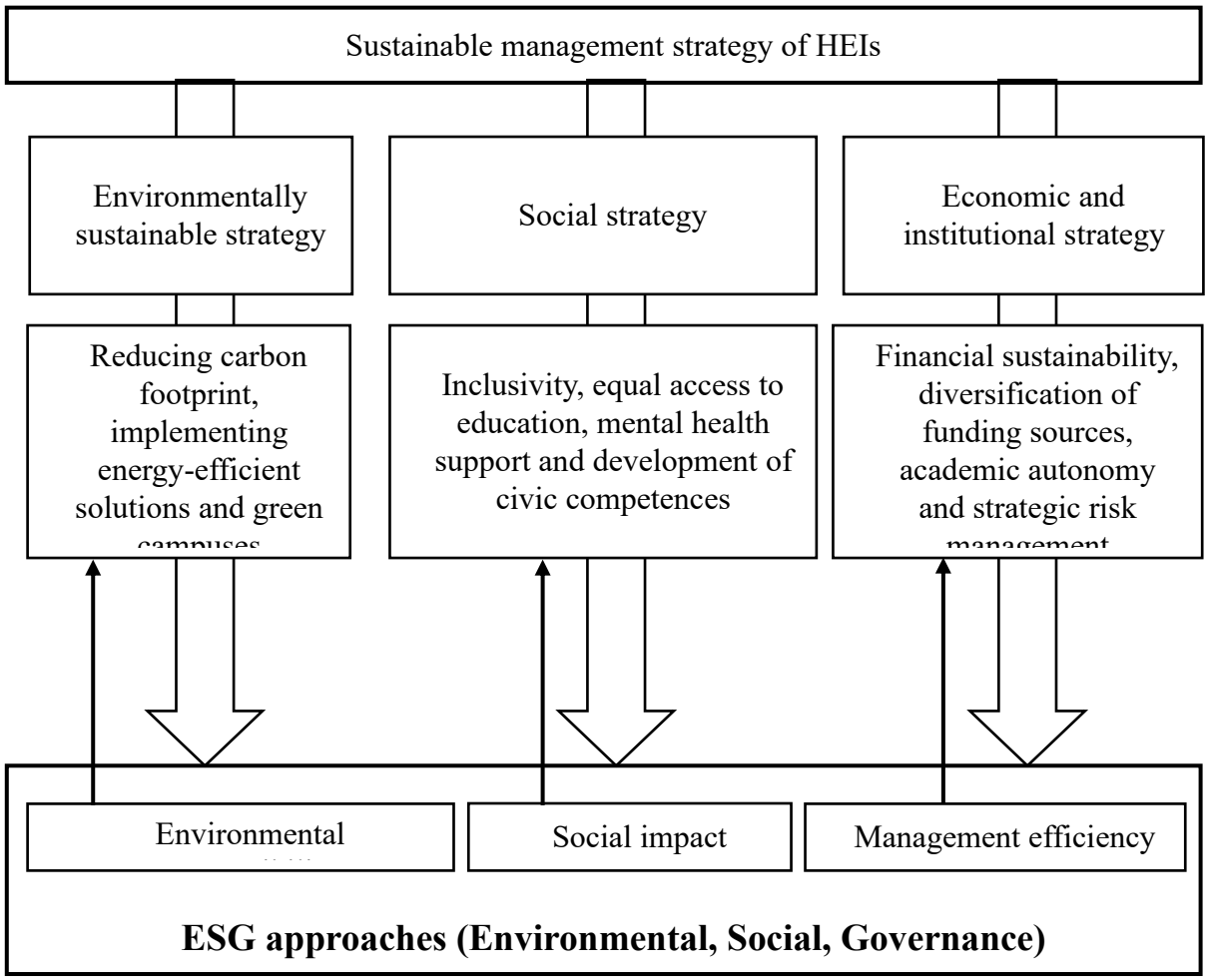

Fig. 1. Strategy for sustainable management of HEIs

Source: author's development

As can be seen from Fig. 1, ESG approaches form the basis for quantitative and qualitative assessment of the sustainable development of the university and its positioning at the global level.

In the context of globalization, international economic relations are one of the key factors in the transformation of HEI management strategies. The expansion of academic mobility, joint educational programs, double degrees, digital cooperation in research, as well as transnational educational platforms create a new architecture of the educational space. Higher education institutions included in such processes adapt their strategies not only to local realities, but also to the requirements of transnational educational markets.

Financial flows associated with international grants, sponsorship, investments in scientific infrastructure and educational innovations directly affect the financial capacity and strategic priorities of HEIs. In addition, the positions of universities in global rankings (QS, THE, ARWU) and participation in international accreditations (EQUIS, AACSB, ENQA ESG standards) form new institutional standards that must be met to ensure global reputation and competitiveness.

An important role in this context is played by international organizations, in particular OECD, UNESCO, European University Association (EUA), as well as Horizon Europe programs, which provide regulatory guidelines, analytical support and financial resources to stimulate sustainable transformations. In particular, the OECD strategic recommendations on "Resilient Education Systems" or EUA reports on ESG integration in higher education create an analytical platform for rethinking national and local educational policies.

Thus, the interaction of HEIs with the international environment serves not only as an external impetus for transformation, but also forms a new paradigm of a responsible university capable of strategic self-reproduction based on the principles of sustainability, global ethics and institutional adaptability.

In this regard, it is advisable to empirically study the dynamics of key indicators that reflect the processes of adaptation of higher education to the challenges of sustainable development in the context of global interaction. Such an analysis is presented in Table 1.

Table 1. Dynamics of adaptation indicators of higher education in the context of sustainable development

Country/year	Year	Share of international students (%)	Volume of international financing (millions of dollars)	Position in THE Impact Rankings	Number of international agreements
Ukraine	2021	3.5	120	90	180
	2022	4.2	145	85	210
	2023	4.8	160	82	250
Germany	2021	12.0	450	22	850
	2022	12.5	490	20	900
	2023	13.1	520	18	920
Singapore	2021	10.8	600	33	500
	2022	11.6	650	30	530
	2023	12.0	690	28	560

Table 1 shows the dynamics of key indicators of higher education sustainability in Ukraine, Germany and Singapore for the period 2021–2023. The choice of these countries is due to their representativeness in various socio-economic and political contexts, which allows for a comparative analysis of models of higher education sustainability management. Ukraine is in a phase of deep transformation caused by foreign policy factors and armed aggression; Germany is a European leader in the implementation of sustainable development strategies in the field of education; Singapore is an example of a highly effective educational policy focused on innovation and international integration.

The identified dynamics indicate the growing role of international economic relations as a key determinant of the sustainability of higher education. The significant difference between countries is due to the structural features of their education systems, the level of political stability, the presence of long-term sustainable development strategies and the degree of involvement in the global educational space. The results obtained indicate the feasibility of implementing adapted strategies taking into account the best international practices, as well as the need for further quantitative modeling of the impact of external factors on the sustainability of HEIs.

Summarizing the results of the analysis of the dynamics of key indicators of sustainability in higher education, it can be stated that the international context plays a decisive role in the formation of long-term institutional strategies of universities. The experience of countries with a high level of integration into the global educational space shows that sustainability ceases to be a declarative element and is transformed into a structural component of the management policy of HEIs. On this basis, it is logical to move on to studying international experience, in particular through case studies of those universities that demonstrate the highest results in the implementation of the principles of sustainable development.

Among such institutions, it is appropriate to single out the University of Cambridge, Aalto University and the University of Amsterdam. The University of Cambridge has implemented a Sustainability Framework strategy, which not only covers environmental aspects, but also ensures the sustainability of financial and social processes. The university carries out a systematic

assessment of its carbon footprint, develops renewable energy infrastructure and actively involves the student community in decision-making on environmental initiatives.

The Finnish Aalto University considers sustainability as an interdisciplinary value integrated into academic programs, research and entrepreneurial projects. A feature of the Aalto model is the combination of technical expertise, design thinking and eco-oriented management, which allows it to effectively adapt the educational process to the challenges of sustainable development. The university implements open platforms for cooperation with industrial partners in order to implement solutions in the field of circular economy, energy efficiency and the urban environment.

The University of Amsterdam actively integrates the Sustainable Development Goals into its institutional strategy. Not only the implementation of "green" practices — such as energy-efficient buildings, zero-waste approaches, and environmentally responsible logistics — is crucial, but also the presence of an inclusive management strategy that takes into account the interests of different stakeholder groups. The university is also focused on open science and ensuring access to knowledge in a global context.

For Ukrainian HEIs, these cases can become a source of adaptive solutions. Given limited resources, high levels of turbulence, and security challenges, the strategic focus should be on:

1. institutionalizing sustainability as part of the university's strategic planning (incorporating the SDGs into internal regulations);
2. forming an ecosystem of partnerships with business, the public sector, and international donors focused on sustainable infrastructure and innovation;
3. involving students as a co-management entity in transformation processes;
4. developing localized sustainability indicators that will allow monitoring the effectiveness of implementing relevant strategies even in wartime or post-war conditions.

Thus, international experience confirms the thesis that sustainability is not only the ultimate goal, but also a tool for increasing the competitiveness, reputation, and long-term viability of higher education institutions. For Ukrainian universities, the integration of these approaches is not only relevant, but also a critically necessary condition for effective functioning in a globalized educational environment. In this context, it is important to analyze how sustainability and strategic management approaches affect the positions of universities in international rankings (Table 2).

Table 2. Dynamics of university positions in international rankings as an indicator of adaptive sustainability (2021–2024)

University	Country	QS World Ranking 2021	QS World Ranking 2024	THE Impact Ranking 2021	THE Impact Ranking 2024	ARWU Ranking 2021	ARWU Ranking 2024	U.S. News Global 2021	U.S. News Global 2024
University of Cambridge	Great Britain	7	2	9	5	3	3	8	7
Aalto University	Finland	127	109	54	37	301	251	342	313
University of Amsterdam	Netherlands	61	53	39	24	101	82	40	33

The analysis of the presented table, which reflects the positions of three leading universities — University of Cambridge (Great Britain), Aalto University (Finland) and University of Amsterdam (Netherlands) — in four authoritative international rankings (QS World University

Rankings, THE Impact Rankings, ARWU, U.S. News Global Ranking) in the period from 2021 to 2024, allows us to trace significant trends in the field of sustainability management and its impact on the global competitiveness of higher education institutions.

Thus, the results of the analysis show that the systematic implementation of the principles of sustainable development not only meets ethical standards and challenges of modernity, but also serves as an effective tool for increasing the global ranking of the university. The inclusion of ESG elements in management strategies allows higher education institutions not only to adapt to changes, but also to form competitive advantages in the transnational academic environment. High positions in international rankings, in turn, provide universities with access to more grants, better human capital, and expanded partner networks, which forms a positive feedback loop of sustainable growth.

Moving on to the stage of modeling scenarios for sustainability management in higher education, it is advisable to use the tools of game theory, which allows formalizing the behavior of universities as strategic agents in an environment of limited resources, competitive pressure, and the need to achieve long-term sustainable development goals. The game-theoretic approach opens up the opportunity not only to analyze individual strategies of players, but also to identify conditions for the formation of coalitions in which the aggregate benefit exceeds the individual one, which is especially important in the context of inter-university cooperation.

One example of application is cooperative game theory, which involves the formation of strategic alliances between HEIs to achieve common sustainability goals. In particular, universities can join forces within regional or international consortia, jointly implement environmental initiatives, optimize infrastructure costs or develop integrated curricula that meet the Sustainable Development Goals. In such a configuration, the gain of each participant (for example, reducing the cost of implementing eco-technologies, accessing new sources of funding or improving the rating) increases due to synergies that cannot be achieved in isolation from the partnership.

Within the framework of a non-cooperative game, it is possible to model the dilemma that a university faces when choosing between short-term cost savings by ignoring sustainability measures and long-term benefits, including increasing positions in international rankings, increasing attractiveness for international students and grantmakers, and strengthening its reputation.

For illustration, a simplified payoff matrix of two universities (University A and University B) is proposed, each of which has a choice between two strategies:

	B: Invests in sustainability	B: Ignores constancy
A: Invests	(5; 5)	(2; 6)
A: Ignores	(6; 2)	(3; 3)

The values in the cells are conditional benefits (utilities), where the first number is for A, the second is for B.

The highest total benefit is achieved with a strategy of mutual investment in sustainability (5+5=10).

If one invests and the other does not, the investor receives a smaller gain due to the unfair distribution of reputational and financial benefits.

If both ignore, the benefit is limited (3; 3) - this is a short-term equilibrium with no long-term growth.

The Nash equilibrium in this model is a situation where both players invest in sustainability, since neither can improve their outcome by changing their strategy unilaterally unless the other changes theirs (Fig. 2).

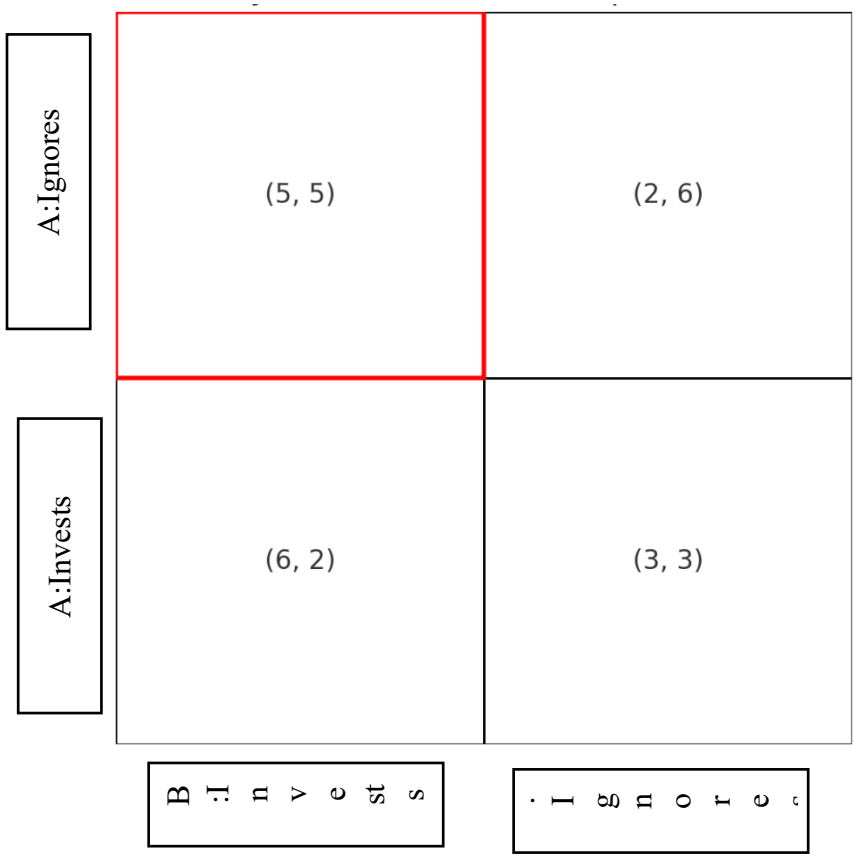

Fig. 2. Nash equilibrium in the model of HEI investment in sustainability

Visualization of the payoff matrix with the highlighted Nash equilibrium — a situation where both universities choose to invest in sustainability (strategy A: Invests, strategy B: Invests). This option gives payoffs (5; 5) and is stable, since neither player has an incentive to change their strategy unilaterally. The red frame indicates the Nash equilibrium point in this game.

Thus, in strategic planning of university sustainable development policy, it is important to create conditions under which a cooperative strategy becomes more profitable than an opportunistic one. This is possible if incentive mechanisms are introduced by the state, donor structures, or international partnerships.

In conclusion, modeling using game theory allows us to develop scenarios of HEI behavior in conditions of strategic uncertainty, helps to predict the consequences of management decisions, and forms a scientifically sound basis for optimizing institutional sustainable development strategies.

In the context of growing global competition, increasing interdependence of educational systems, and transformational challenges facing higher education in Ukraine, the formation of effective sustainable development strategies is of key importance. Practical recommendations, based on the analysis of international experience, quantitative data, and theoretical models, can serve as guidelines for improving the management practices of Ukrainian higher education institutions.

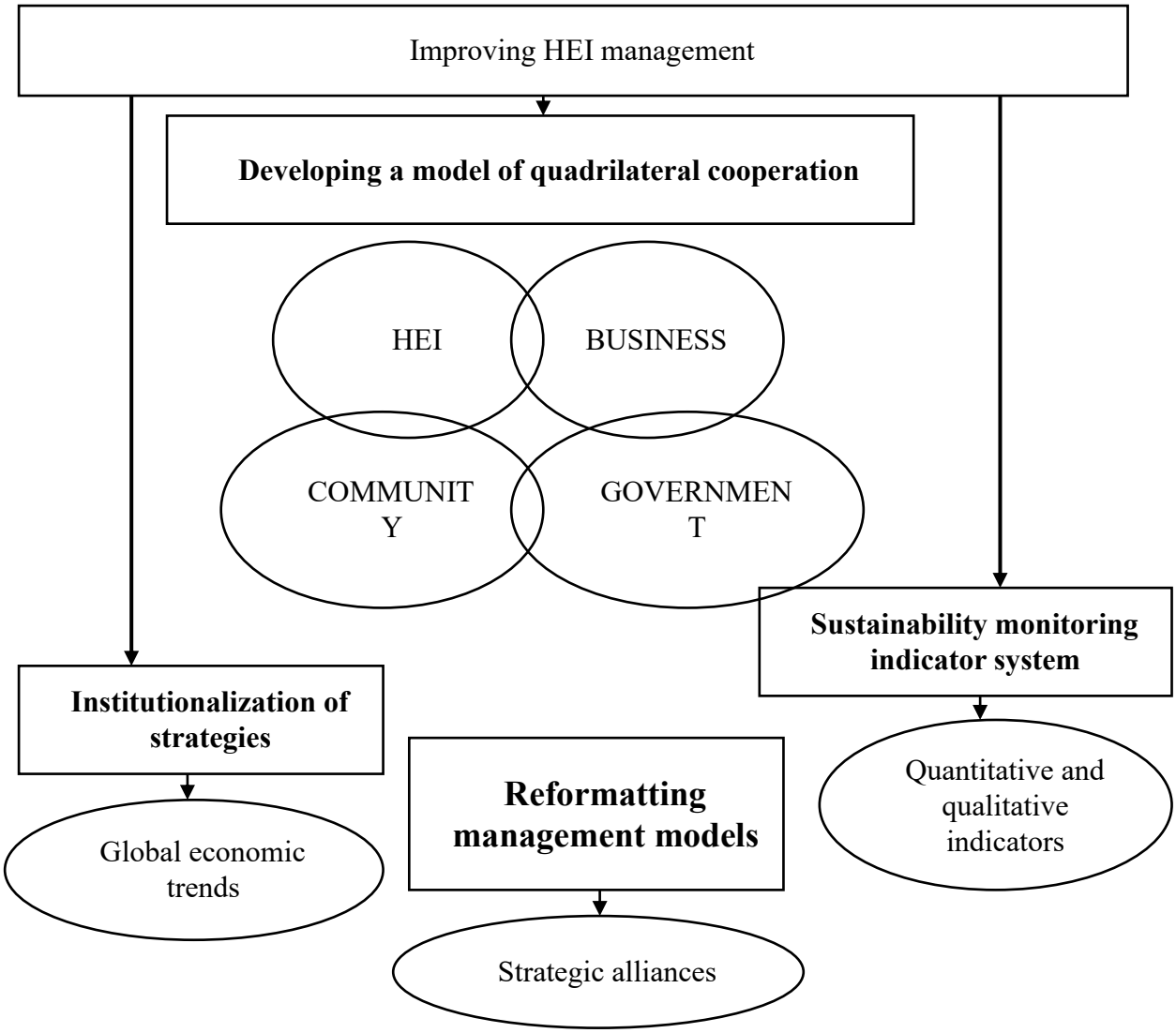

Fig. 3. Theoretical and practical basis for the transformation of management approaches in higher education institutions (author's vision)

Source: author's development

The primary task is to institutionalize strategies that take into account the impact of global economic trends. This involves developing adaptive policies focused on integrating the UN Sustainable Development Goals, including sustainability in the strategic plans of HEIs, and adjusting educational and research priorities in accordance with the new requirements of digital and green transformation. In this context, monitoring the dynamics of key sustainability indicators in terms of finance, social responsibility, environmental management, and academic mobility plays an important role. To ensure an objective assessment of achievements and identify areas for improvement, it is advisable to implement an indicator system for monitoring sustainability. Such a system should cover both quantitative (share of international students, volume of international funding, carbon footprint, number of international agreements concluded) and qualitative indicators (availability of sustainability policies, student participation in management, integration of ESG approaches into the educational process). Building such a system will allow universities not only to conduct internal audits, but also to report on progress to international partners, ratings, and donors. In addition, it is extremely necessary to reformat the management models of HEIs in the direction of openness and cooperation. The practice of strategic alliances — both between Ukrainian universities and with foreign partners — allows you to scale innovative initiatives, reduce the costs of implementing sustainable technologies, and strengthen joint competitiveness in the region. Participation in the Horizon Europe, Erasmus+, DAAD, Marie Skłodowska-Curie programs are

tools for attracting external funding, increasing academic mobility, and knowledge transfer. The formation of consortia on the basis of shared institutional responsibility is one of the key factors in the successful transformation of HEIs in the post-crisis period.

Finally, a promising direction is the development of models of four-way cooperation: university - business - government - community. Such a model provides multi-channel support for sustainable development projects, adaptation of research to the needs of the regional market, increasing the level of graduate employment and institutional legitimacy of HEIs in society. A sustainable university in such a configuration acts as a platform for multi-actor dialogue and implementation of pilot solutions that can be scaled up at the level of state educational policy. Thus, the formation of effective strategies for sustainable development management in Ukrainian universities should be based on a systematic combination of analytical tools, international experience, indicative monitoring and open intersectoral interaction. This will not only ensure sustainability in difficult conditions, but also bring Ukrainian higher education to a new level of global integration and leadership in the field of transformations.

Conclusions. The results of the study allowed us to form a holistic scientific vision of the role of international economic relations as a key exogenous factor in the transformation of institutional strategies for the sustainable development of higher education. The theoretical generalization of the concept of "sustainability" in the context of HEIs, the expanded inclusion of ESG components and the conceptual classification of management strategies became the basis for the formation of a new analytical approach to the assessment of university models in the global environment.

Based on a comparative analysis of countries with different economic and political contexts (Ukraine, Germany, Singapore), it was established that the sustainability of higher education is directly correlated with the depth of integration into international networks, the scale of external financing, the volume of mobility and participation in global rating and accreditation mechanisms. It was determined that even in conditions of crisis turbulence (as in the case of Ukraine), gradual progress is possible thanks to the flexibility of management decisions, digital adaptation and the involvement of external partnerships.

Further scenario modeling using game theory tools allowed us to identify sustainable strategies in which university cooperation provides synergy and increases collective ESG gains. The game-theoretic model clearly demonstrates that investing in sustainability – even in an environment of limited resources – is a rational choice if there is a long-term strategy and support from external stakeholders.

Thus, sustainable development management in higher education is transformed from a declarative norm into a strategic necessity, shaping a new paradigm of academic competitiveness in a globalized environment.

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УДК 334.72: 004.3.06

THE ROLE OF EXTERNAL CONTECT IN THE M&A TRAJETORU OF UKRAINE'S IT SERVICES INDUSTRY

РОЛЬ ЗОВНІШНІХ ЧИННИКІВ В ТРАЄКТОРІЇ ЗЛИТТІВ ТА ПОГЛИНАНЬ НА РИНКУ ІТ-ПОСЛУГ УКРАЇНИ

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Abstract. *This article analyzes how mergers and acquisitions (M&A) activity in the Ukrainian IT services market has been influenced by the broader external context during the period 2016–2025. The research integrates evidence from publicly reported transactions, press releases, and industry sources with macroeconomic, geopolitical, and sectoral data to provide a comprehensive view of the forces shaping deal activity. Ukraine's IT services sector, while representing a modest share of the global market, has developed into a competitive and export-oriented industry characterized by a skilled workforce, cost advantages, and deep integration into global value chains. However, the trajectory of M&A in the sector has been strongly affected by shifts in the global IT services market, the impact of the COVID-19 pandemic, global macroeconomic cycles, and the unprecedented disruption caused by Russia's full-scale invasion in 2022.*

The study distinguishes three analytically significant phases: the pre-pandemic period (2016–2019), marked by steady expansion and inbound acquisitions from foreign strategics seeking delivery capacity in Ukraine; the pandemic-driven surge (2020–2021), which reinforced these trends under conditions of accelerated global digital transformation and abundant liquidity; and the post-2022 phase, characterized by market recalibration, weaker global demand, and heightened geopolitical risk, leading Ukrainian firms to pursue outbound acquisitions to diversify delivery geographies, access strategic markets, and strengthen resilience. Across all phases, the primary strategic rationale for deals remained the securing or expansion of delivery capabilities, although the means of achieving this shifted from inbound capacity-building to outbound diversification in response to the changing risk-return profile.

By situating M&A transactions within the interplay of global market cycles, macro-financial conditions, and domestic geopolitical realities, the article underscores the decisive role of context in shaping both the feasibility and the strategic direction of deals. The findings contribute to the

academic literature by demonstrating that predictive models of M&A, particularly in emerging markets and volatile environments, can be significantly improved through the systematic incorporation of contextual variables alongside firm-level and industry-specific factors. These insights are of practical value to investors, corporate strategists, and policymakers seeking to anticipate and navigate M&A opportunities in the IT services domain under conditions of uncertainty.

Keywords: *mergers and acquisitions, IT services, macroeconomic context, geopolitical risk, acquisition strategy, predictions, buyers, sellers, targets.*

Анотація*. У цій статті аналізується вплив ширшого зовнішнього контексту на діяльність зі злиттів та поглинань (M&A) на українському ринку IT-послуг у період 2016–2025 років. Дослідження об'єднує оприлюднені дані з транзакцій, прес-релізів та галузевих джерел з макроекономічними, геополітичними та секторальними даними, щоб забезпечити комплексне уявлення про сили, що формують активність укладення угод. Сектор IT-послуг України, хоча й становить скромну частку світового ринку, перетворився на конкурентоспроможну та експортно-орієнтовану галузь, що характеризується кваліфікованою робочою силою, ціновими перевагами та глибокою інтеграцією в глобальні ланцюги створення вартості. Однак на траєкторію M&A у цьому секторі сильно вплинули зміни на світовому ринку IT-послуг, вплив пандемії COVID-19, глобальні макроекономічні цикли та безпрецедентні потрясіння, спричинені повномасштабним вторгненням Росії у 2022 році.*

У дослідженні виокремлено три аналітично значущі фази: період до пандемії (2016–2019), що характеризується стабільним розширенням та вхідними придбаннями від іноземних стратегічних компаній, які шукають можливості для постачання в Україні; сплеск, зумовлений пандемією (2020–2021), який посилив ці тенденції в умовах прискореної глобальної цифрової трансформації та значної ліквідності; та фаза після 2022 року, що характеризується перекалібруванням ринку, слабшим світовим попитом та підвищеним геополітичним ризиком, що спонукає українські компанії до здійснення зовнішніх придбань для диверсифікації географії поставок, доступу до стратегічних ринків та зміцнення стійкості. На всіх етапах основним стратегічним обґрунтуванням угод залишалося забезпечення або розширення можливостей постачання, хоча засоби досягнення цієї мети змістилися від нарощування вхідних потужностей до зовнішньої диверсифікації у відповідь на зміну профілю ризику та дохідності.

Здійснюючи групування угод M&A з врахуванням таких параметрів, як: світові ринкові цикли, макрофінансові умови та внутрішні геополітичні реалії, стаття підкреслює вирішальну роль контексту у формуванні як доцільності, так і стратегічного напрямку угод. Отримані результати є яскраво демонструють, що прогнозні моделі злиттів та поглинань, особливо на ринках, що розвиваються, та у нестабільному середовищі, можуть бути значно покращені шляхом систематичного врахування контекстуальних змінних разом із факторами на рівні фірми та галузі. Ці висновки мають практичну цінність для інвесторів, корпоративних стратегів та політиків, які прагнуть передбачити та орієнтуватися у можливостях злиттів та поглинань у сфері IT-послуг в умовах невизначеності.

Ключові слова: *злиття та поглинання, IT-послуги, макроекономічний контекст, геополітичний ризик, стратегія придбання, прогнози, покупці, продавці, цілі.*

Introduction. Over the past two decades, the global IT services sector has expanded into a cornerstone of digital transformation, driven by technological innovation, globalization of service delivery, and the growing demand for specialized expertise. The market's evolution has been punctuated by distinct macroeconomic cycles, regulatory shifts, and geopolitical events, all of which influence corporate strategies and mergers and acquisitions (M&A) activity. M&A transactions in this sector are not only vehicles for capacity expansion or capability enhancement but also responses to shifting competitive landscapes and external shocks.

Ukraine's IT services industry, while accounting for a modest share of the global market, has emerged as a competitive and export-oriented hub. Leveraging a highly skilled talent pool and cost advantages, it has become an attractive delivery location for global strategics. However, the sector's trajectory has been shaped by powerful external forces: global economic cycles, technological adoption patterns, and, most recently, the unprecedented disruption of Russia's full-scale invasion in 2022. These forces have altered not only operational conditions but also the strategic rationale and feasibility of M&A involving Ukrainian IT services firms.

Although extensive research exists on M&A in the global IT services industry, there remains a lack of in-depth analysis of how external context—global market trends, macroeconomic conditions, geopolitical developments, and domestic sector performance—specifically affects M&A activity in an emerging market setting. Existing studies often focus on firm-specific drivers or aggregate market patterns, underplaying the role of contextual variables that can decisively influence deal initiation, negotiation, and completion.

This article addresses this gap by examining the M&A activity of Ukrainian IT services firms from 2016 to 2025 through the lens of contextual influences. It seeks to identify how shifting global and domestic conditions have shaped both inbound acquisitions by foreign firms and outbound acquisitions by Ukrainian firms, and to highlight the implications of these findings for both academic research and practical M&A strategy in the IT services domain.

The purpose of this article is to analyze how mergers and acquisitions (M&A) activity in the Ukrainian IT services market has been shaped by the broader external context—namely, the evolution of the global IT services market, changes in the macroeconomic environment, shifts in Ukraine's geopolitical situation, and the performance of the Ukrainian IT services sector itself. By integrating these contextual dimensions into the analysis, the study aims to provide a nuanced understanding of the strategic rationale behind M&A transactions involving Ukrainian IT services firms over the 2016–2025 period.

Recent literature review. The academic literature on mergers and acquisitions (M&A) in the IT services sector is extensive but has largely concentrated on developed economies and global-scale transactions, with less attention to emerging markets such as Ukraine. The theoretical foundations explaining M&A motivations are rooted in strategic growth theory (Porter, 1985), the resource-based view (Barney, 1991), and market power theory (Scherer & Ross, 1990), complemented by empirical frameworks such as Trautwein's (1990) typology of M&A motives. These perspectives emphasize efficiency gains, market expansion, capability acquisition, and defensive strategies in response to technological or competitive pressures.

In the IT services domain, scholars have highlighted the role of offshoring, cost arbitrage, and talent access as central drivers of cross-border acquisitions (Doh et al., 2009; Manning et al., 2011; Lacity et al., 2016). More recent works have examined the pandemic's role as a catalyst for rapid digital transformation, accelerating demand for IT capabilities and influencing deal volumes (McKinsey & Company, 2020; OECD, 2020). This aligns with findings from PwC (2021) and Bain & Company (2022), which report record M&A activity in 2020–2021, driven by liquidity abundance, high valuations, and strategic expansion in digital competencies.

Another strand of literature addresses the influence of external context—macroeconomic conditions, geopolitical developments, and sectoral cycles—on M&A decision-making (Gaughan, 2017; Vergun & Granchak, 2024). Studies on post-2022 market dynamics emphasize the dampening effects of monetary tightening, inflation, and geopolitical instability on transaction flows, particularly in high-risk geographies (OECD, 2023; IMF, 2023; Reuters, 2024). This is consistent with research into M&A under heightened country risk, which shows that buyers adjust geographic diversification strategies, delivery models, and integration plans to mitigate operational vulnerabilities (Gartner, 2023; Forrester, 2023).

Empirical studies on Ukraine's IT services sector (IT Ukraine Association, 2021, 2024; AVentures Capital et al., 2020; OECD, 2024) document the industry's export orientation, skilled labor base, and resilience under wartime conditions. However, the intersection of these sectoral characteristics with M&A patterns remains underexplored in academic work. While global IT

services M&A research identifies delivery capacity expansion and geographic diversification as recurring motives, little has been written on how these motives evolve when firms face simultaneous global market shifts and acute domestic shocks.

This gap suggests the need for a contextualized analysis that integrates established M&A theories with real-world constraints and opportunities in volatile environments. Such integration can enrich not only descriptive accounts of deal activity but also predictive models, which—following recent methodological critiques (Palepu, 1986; Powell, 2001)—should incorporate external context as a determinant of both target attractiveness and buyer readiness.

Main research outcomes

Global IT Services Market and Ukraine's Role in It

The global IT services market, encompassing software development, IT consulting, infrastructure management, and outsourcing, has experienced significant growth over the past two decades. As defined by (McKinsey & Company, 2019), the IT services market includes activities that enable organizations to design, develop, implement, and manage information systems and technology processes. According to (Precedence Research, 2024), the global IT services market was valued at approximately $250–300 billion in 2000 and is projected to reach $1.22 trillion in 2024, reflecting the sector's role as a key enabler of digital transformation across industries.

Ukraine has established itself as a significant, albeit modest, player in this global ecosystem, accounting for approximately 0.5% of the total market. In 2024, Ukrainian IT service exports reached an estimated $6.45 billion, representing 4.4% of the country's gross domestic product (GDP) (IT Ukraine Association, 2024). This figure reflects Ukraine's integration into global value chains and its specialization in high-skilled segments of the IT services industry, particularly software engineering and development.

The Ukrainian IT services sector demonstrated growth in almost 64 times over the last 24 years. In 2000, Ukraine's IT services export market was in its infancy, with estimated export revenues of approximately $100–120 million, based on retrospective analyses by (IT Ukraine Association, 2021), as well as sector reconstructions by (AVentures Capital et al., 2020; Lviv IT Cluster, 2020). This early-stage size reflects limited specialization and the initial emergence of outsourcing in Ukraine, preceding the sector's exponential growth in the 2010s.

The Ukrainian IT workforce is a cornerstone of this export capacity. As of 2024, the sector employed around 302,000 IT professionals, with 238,000 based in Ukraine and the remainder operating abroad (Ministry of Digital Transformation of Ukraine, 2024). The country's educational infrastructure, particularly its strong tradition in science and engineering disciplines, continues to feed a growing pool of software engineers, developers, and consultants.

Ukraine's IT services are predominantly exported to advanced economies, with the United States accounting for 37% of total IT service exports. Other significant export destinations include the United Kingdom, Malta, Cyprus, Israel, and Switzerland (National Bank of Ukraine, 2024). This export structure is consistent with the broader pattern observed in the global IT services sector, where demand is concentrated in developed markets with mature digital infrastructure and complex technological needs (OECD, 2021).

In fiscal terms, the Ukrainian IT services sector contributed over $1 billion in tax revenues to the national budget in 2024, underscoring its role not only as an export engine but also as a fiscally significant industry (State Tax Service of Ukraine, 2024). Given its scale, export orientation, and high value-added nature, the sector continues to be a focal point of Ukraine's economic development strategy and international competitiveness.

Evolution of the Global IT Services Market during 2010–2025 period and impact on it by the outside context.

A review of academic literature, market research, and macroeconomic data suggests that the period from 2010 to 2025 can be meaningfully divided into three distinct phases: (1) steady expansion and globalization (2010–2019), (2) pandemic-driven acceleration (2020–2021), and (3) post-pandemic slowdown and recalibration (2022 onward).

In parallel, Ukraine's IT services industry followed a similar—but uniquely resilient—trajectory shaped by cost-competitive talent, war-time adaptation, and evolving export demand (IT Ukraine Association, 2022; OECD, 2024).

This segmentation is supported by:

1. Structural Shifts in Demand and Supply.

Before 2020, growth was driven by globalization, cost arbitrage, and steady adoption of cloud and digital services (Lacity et al., 2016; Manning et al., 2011). In 2020–2021, the COVID-19 pandemic caused a demand surge for digital services, creating a distinct growth spike (McKinsey & Company, 2020; OECD, 2020). Importantly, rather than depressing IT demand, the pandemic accelerated it due to widespread remote work, rapid digitalization needs, and surging consumer digital engagement. Since 2022, macroeconomic tightening, geopolitical disruptions, and inflation-driven monetary policy changes have reshaped growth patterns (World Bank, 2024; OECD, 2023).

2. Discrete Economic and Market Turning Points

The onset of COVID-19 in early 2020, coupled with unprecedented fiscal and monetary stimulus, marked a structural break in IT spending patterns (IMF, 2021; OECD, 2020). The subsequent inflation shock, interest rate hikes, and geopolitical instability beginning in 2022 triggered a valuation and liquidity reset across the tech sector (IMF, 2023; Reuters, 2024).

3. Empirical Evidence from Public Market Valuations

Valuation data for leading global IT services firms—EPAM, Globant, Endava, and Grid Dynamics—show peaks in late 2021 or early 2022, followed by persistent declines, regardless of their geographic exposure (Capital IQ, 2024). This pattern aligns with broader equity market corrections in growth sectors (S&P Dow Jones Indices, 2023).

Given these factors, the three-period framework provides an analytically sound structure for understanding the sector's evolution.

1. 2010–2019: Sustained Expansion through Offshoring and Globalization

During this period, the IT services market expanded steadily, driven by globalization of IT labor and offshoring strategies. Developed economies increasingly outsourced IT functions to emerging markets such as Ukraine, India, and Eastern Europe for cost savings, access to skilled talent, and scalability (Doh et al., 2009; Manning et al., 2011). Technological advancements—such as improvements in broadband infrastructure, collaborative software, and cloud computing—enabled distributed delivery models to flourish (Lacity et al., 2016). According to Gartner (2019), global IT services spending grew from $793 billion in 2010 to $1.02 trillion in 2019, reflecting the rising integration of IT into core business operations.

Ukraine emerged as a key near-shore destination, with exports of computer/IT services rising rapidly through the 2010s. Independent compilations using National Bank of Ukraine (NBU) data show computer services exports climbing from low single-billions early in the decade to ~$4.17 billion by 2019 (IT Ukraine Association, 2022; Valdez, 2019). Sector workforce expansion accompanied export growth, reflecting sustained client demand for Ukrainian engineering talent (IT Ukraine Association, 2022).[1]

2. 2020–2021: Pandemic-Driven Digital Acceleration

The COVID-19 pandemic acted as a catalyst for rapid digital transformation. McKinsey & Company (2020) found that businesses accelerated digitalization of customer engagement and supply chain processes by three to four years, and the share of digitally enabled products increased by the equivalent of seven years' growth. OECD (2020) documented an unprecedented shift to remote work, e-commerce, telehealth, and digital education. For example, telehealth visits in the U.S. rose from 1.4 million to 35 million per quarter in early 2020 (Koonin et al., 2020).

Concurrently, central banks adopted ultra-loose monetary policy— to support GDPs amid economic shocks caused by COVID-19, they cut interest rates to record lows and injected unprecedented liquidity into financial systems (IMF, 2021; BIS, 2021). This stimulus not only drove stock market growth but also boosted consumer spending. Many consumer-centric companies, facing rapid digital adoption needs, invested heavily in IT services to adapt their business models, fueling the IT services market expansion during this period (World Bank, 2021; Deloitte, 2021).

Venture capital activity also surged globally in 2020–2021, reaching record highs—CB Insights (2022) reports $621 billion invested in 2021, more than doubling the 2020 figure. Many of these startups allocated substantial budgets to IT development, further stimulating IT services demand.

Sectors serviced by IT industry benefiting most included e-commerce, healthcare (especially telehealth), online entertainment and streaming, fintech, and logistics tech—while traditional travel, hospitality, and in-person entertainment saw IT spending contractions due to demand collapse (PwC, 2021; OECD, 2021).

This environment boosted equity valuations in growth sectors, with IT services firms reaching all-time-high EV/EBITDA multiples in 2021 (Capital IQ, 2024). Liquidity also supported record M&A volumes in IT services, as strategic buyers and private equity investors pursued acquisitions to expand capabilities (PwC, 2021).

The surge in global demand was visible for the Ukrainian IT services industry: exports rose from about $5.0 billion (2020) to $6.8 billion (2021, +36%), while the number of IT professionals expanded from ~244k to ~285k (IT Ukraine Association, 2022). The sector's strong fundamentals reflected both cost-competitiveness and deeper participation in higher-value digital engineering.

3. 2022–2025: Recent Period

After the end of the pandemic —which in theory could have spurred growth—global GDP slowed sharply, from 6.3% in 2021 to 3.5% in 2022 and 2.7% in 2023 (World Bank, 2024), due primarily to: (1) geopolitical turbulence caused by Russia's full-scale invasion of Ukraine in February 2022, disrupting supply chains and causing commodity price volatility; and (2) high inflation following pandemic-era stimulus, prompting aggressive monetary tightening (OECD, 2023; IMF, 2023). The U.S. Federal Reserve and European Central Bank's interest rate hikes significantly reduced liquidity, limiting available capital for growth.

Slower GDP and higher inflation constrained consumer spending, negatively affecting consumer-oriented giants like Alphabet, Meta, and Apple, which responded with layoffs and IT budget cuts. Reduced venture capital activity—global VC funding fell from $681 billion in 2021 to $445 billion in 2022 and $285 billion in 2023 (Crunchbase, 2024)—forced many startups to reduce IT services spending.

Higher financing costs reduced liquidity, pressuring equity valuations across the tech sector.

Clients increasingly prioritized higher-value services and preferred IT partners with closer onshore presence to mitigate geopolitical and operational risks (Gartner, 2023).

Sectorally, defense technology, cybersecurity, and automation solutions saw rising demand, while consumer tech, adtech, and non-essential retail technology contracted** (IDC, 2023; Forrester, 2023).

In Ukraine Russia's full-scale invasion (Feb 2022) created acute operating risks: relocation of teams, infrastructure strikes, and rolling blackouts. Firms maintained operations via rapid relocation to safer regions (e.g., Lviv) or abroad, widespread adoption of backup power/connectivity (generators, batteries, satellite internet), and robust business-continuity planning (RFE/RL, 2023; Politico, 2024; TS2, 2025). But still many international clients paused or ended cooperation with teams located in Ukraine due to war-related risks, unless vendors could reassign work to engineers abroad. Firms offering higher-value expertise retained more clients, while others faced attrition (IT Ukraine Association, 2023; Politico, 2024). Computer/IT services exports reached ~$7.3 billion in 2022 but declined to ~$6.7 billion in 2023 and ~$6.45 billion in 2024, reflecting both global and war-specific challenges.

Definition, strategic purpose of M&A transactions and the role of context in the M&A predictions

Mergers and acquisitions (M&A) refer to the consolidation of companies or assets through various financial transactions, including mergers, acquisitions, consolidations, tender offers, purchase of assets, and management acquisitions. According to (**Harvard Business School, 2021)**, M&A deals are strategic processes whereby one company acquires or merges with another to achieve objectives such as expanding market access, gaining technological capabilities, lowering

operational costs, or strengthening competitive positioning. The underlying rationale often involves synergies—benefits arising from the combined performance of two entities being greater than the sum of their individual parts.

In academic literature, M&A activity is commonly framed within the theories of strategic growth (Porter, 1985), resource-based views (Barney, 1991), and market power theory (Scherer & Ross, 1990). These perspectives highlight that M&As are not solely driven by financial metrics but also by strategic motivations such as entering new geographic markets, acquiring human capital or intellectual property, and responding to technological disruption or industry convergence (Gaughan, 2017). Moreover, (Trautwein, 1990**)** categorizes M&A motivations into seven theoretical models, including efficiency, monopoly, valuation, empire-building, and process theories—demonstrating the diversity and complexity behind such transactions.

Beyond academic theory, institutions such as PwC and Deloitte emphasize that M&As are increasingly shaped by geopolitical considerations, regulatory environments, and digital transformation strategies, particularly in sectors like IT services and software development (PwC, 2024).

Importantly, the context in which an M&A transaction takes place—encompassing macroeconomic conditions, geopolitical developments, industry-specific cycles, and technological trends—can decisively influence both the motivations and the feasibility of a deal. As shown in recent research, including (Vergun, Granchak 2024), M&A predictions that fail to incorporate such contextual variables risk overlooking critical drivers of deal activity or misjudging the likelihood of transactions. Context shapes not only the strategic rationale for buyers and sellers but also their capacity and willingness to act, making it an essential factor for enhancing the explanatory power and practical relevance of predictive models.

M&A deals with participation of Ukrainian IT services firms.

The table below summarizes 20 publicly reported mergers and acquisitions involving Ukrainian IT services firms between 2016 and 2025. There were no meaningful deals observed before 2016. Data was compiled from press releases, company announcements, trade media, and other public sources. Each transaction was reviewed to identify the strategic rationale from the buyer's perspective, which is presented alongside the deal details. Based on this analysis, transactions were categorized into types reflecting the acquirer's profile:

- Ukrainian firm — companies with the majority of their workforce, and all or nearly all delivery engineers, located in Ukraine at the time of the deal, regardless of ownership structure.
- Foreign firm — companies with no, or only a minority, of their workforce located in Ukraine before the acquisition.

The dataset covers three distinct subperiods: pre-pandemic/pre-war (2016–2019), pandemic surge (2020–2021), and post-2022 period, reflecting major shifts in market conditions and strategic priorities. Across all periods, the most common transaction motive was securing or expanding delivery capacity, though outbound acquisitions by Ukrainian firms became more prominent from 2022 onward.

Numerically, the sample includes 3 deals in 2016–2019**,** 6 deals in 2020–2021**,** and 11 deals in 2022–2025, showing a gradual increase in activity despite mounting geopolitical and macroeconomic headwinds. The relative shares of inbound versus outbound transactions and the balance between domestic and cross-border activity illustrate an evolving strategic landscape in which Ukrainian firms, facing heightened operational risks and global demand shifts, increasingly sought foreign acquisitions to diversify delivery locations, access new client markets, and strengthen competitive positioning.

1. Pre-pandemic period (2016–2019)

During this period, only three transactions involving Ukrainian companies were recorded, all of which were inbound acquisitions by foreign firms. This pattern reflects Ukraine's role at the time as a nearshore/offshore delivery hub for international strategics, rather than as an active acquirer abroad. The main rationale for these acquisitions was to establish or expand delivery capabilities in Ukraine, enabling buyers to secure engineering capacity and integrate Ukrainian delivery nodes into

their global networks. Such transactions were aimed at leveraging the cost and skill advantages of the Ukrainian IT talent pool, without fundamentally altering the acquirers' existing go-to-market strategies or client portfolios.

2. Pandemic surge (2020–2021)

Although six transactions were completed during this period, M&A processes in the IT services sector typically require around 12 months from initiation to completion (Bain & Company, 2022; PwC, 2021). This means that many deals closed in 2020 were initiated in the pre-pandemic period, reflecting trends already established between 2016 and 2019. Foreign strategics were seeking to establish or expand delivery capabilities in Ukraine, attracted by its large pool of skilled engineers, competitive cost base, and proven track record in delivering complex projects for international clients. These factors became even more compelling in 2020–2021 as the COVID-19 pandemic accelerated global digital transformation, increased the need for geographically diversified delivery, and spurred many strategics to expand in Ukraine to meet rising demand from their own clients.

The main rationale behind these transactions remained the strengthening of delivery capacity in Ukraine to support global client needs. While inbound acquisitions by international firms continued, the period also saw a notable share of domestic consolidation as Ukrainian companies reinforced their talent base and operational scale to address surging demand. A notable departure from these patterns was Ciklum's acquisition of CN Group, a Czech-based IT services provider. This was the first relatively significant case of a Ukrainian company acquiring a foreign target to expand delivery capacity beyond Ukraine, diversify geographical risk, and access new client markets (M&A_Deals_years dataset).

3. Recent period (2022–2025)

This period recorded the highest number of transactions—eleven in total—marking a notable shift in the structure and motivations of M&A involving Ukrainian IT services firms. Deals completed in 2022 were, in many cases, initiated in 2021, and thus continued some of the trends of the previous period, particularly those involving foreign firms establishing or expanding delivery capabilities in Ukraine. However, from early 2022 onwards, profound changes in both the global and Ukrainian markets reshaped the M&A agenda for all participants.

Year	Target	Acquirer	Type of Deal	Strategic Rationale
2016	Lohika	Altran	Foreign firm acquiring Ukrainian firm	- To establish Ukrainian delivery capabilities - To expand presence in the North American market.
2017	IntroPro	Luxoft	Foreign firm acquiring Ukrainian firm	- To expand Ukrainian delivery capabilities - To expand presence in the Telecom and Media market in the United States
2019	Core Value	IT Kontrakt (future	Foreign firm acquiring Ukrainian firm	- To establish Ukrainian delivery capabilities
2020	Archer Software	Cprime	Foreign firm acquiring Ukrainian firm	- To establish Ukrainian delivery capabilities - To expand service offering and to enter new verticals (i.e. automotive)
2020	Daxx	Grid Dynamics	Foreign firm acquiring Ukrainian firm	- To establish Ukrainian delivery capabilities
2021	IdeaSoft	Sigma Software	Ukrainian firm acquiring Ukrainian firm	- To expand Ukrainian delivery capabitilies - To strengthen presence in certain verticals (FinTech, Telecom)
2021	Intellica Group	Digicode	Ukrainian firm acquiring Ukrainian firm	- To expand Ukrainian delivery capabitilies - To strengthen tech stack (Blockchain, Big Data, AI/ML)
2021	CN Group	Ciklum	Ukrainian firm acquiring foreign firm	- To establish delivery capabilities in CEE region, but outside Ukraine - To gain clients in Western Europe - To expand service offering via adding higher value (when copared to exsiting Ciklum's) services.
2021	Perfectial	Avenga	Foreign firm acquiring Ukrainian firm	- To expand Ukrainian delivery capabilities - To expand presense in fintech, healthcare, media verticals gaining new clients there in US and Europe
2022	PULS Software	Sigma Software	Ukrainian firm acquiring Ukrainian firm	- To expand Ukrainian delivery capabilities - To strengthen tech stack (mobile development, AR/VR)
2022	Skelia	Nortal	Foreign firm acquiring Ukrainian firm	- To establish presence in the gametech vertical - To establish Ukrainian delivery capabilities
2022	Digitally Inspired	Intellias	Ukrainian firm acquiring Ukrainian firm	- To expand presence in the UK market via acquiring clients - To expand presence in E-commerce and Retail verticals
2022	Rozdoum	Adaptavist	Foreign firm acquiring Ukrainian firm	- To establish Ukrainian delivery capabilities
2023	Hoverstate	SoftServe	Ukrainian firm acquiring foreign firm	- To expand delivery capabilities in United States - To expand tech stack by adding Pega platform expertize - To expand presense on the United States market, particularly in healthcare and life science verticals, but also in banking, financials services, transportation and logistics - To expand service offering via adding higher value-added services.
2024	Infogen Labs	Ciklum	Ukrainian firm acquiring foreign firm	- To establish delivery capabilities in India - To expand presence on the United States market - To expand service offering via adding higher value-added services.
2024	C2 Solutions	Intellias	Ukrainian firm acquiring foreign firm	- To establish United States delivery capabilities - To expand presence on the United States market - To establish healthcare vertical presence - To expand service offering via adding higher value-added services.
2024	NorthLink Digital	Intellias	Ukrainian firm acquiring foreign firm	- To establish delivery capabilities in United Kingdon - To expand further on the UK market - To expand further presence in banking and financial services verticals - To expand service offering via adding higher value-added services.
2025	A Society Group	Sigma Software	Ukrainian firm acquiring foreign firm	- To establish delivery capabilities in United States and Sweden - To expand further on the United States market - To expand further presence in automotive, manufacturing and defense verticals - To expand service offering via adding higher value-added services.
2025	GoSolve Group	Ciklum	Ukrainian firm acquiring foreign firm	- To expand delivery capabilities in Poland and India - To expand tech stack in Go, HPC and cloud-based delivery - To expand presense on the United States market, in healthcare and retail verticals - To expand service offering via adding higher value-added services.
2025	CodeAstu	Ciklum	Ukrainian firm acquiring foreign firm	- To expand delivery capabilities in India - To expand presense on the United States market - To expand service offering via adding higher value-added services.

The full-scale invasion of Ukraine, combined with a global post-pandemic slowdown and tighter financial conditions, significantly altered growth strategies. In 2022, a Ukrainian firm acquired another Ukrainian firm to strengthen its position in the attractive UK market—an approach chosen because organic expansion had become more difficult than in previous years. For foreign firms, the heightened geopolitical and operational risks effectively halted meaningful acquisitions in Ukraine; no significant inbound transactions by foreign strategics were recorded in 2023–2025.

By contrast, Ukrainian firms increasingly redirected their M&A activity outward. These acquisitions targeted foreign companies with the aim of diversifying delivery capabilities beyond Ukraine, bringing delivery operations closer to client locations (onshore or nearshore), and expanding market presence in key geographies. This strategic redirection was partly driven by the recognition that, in the more volatile environment of 2023–2025, organic growth alone was insufficient to maintain momentum. Weaker global demand for discretionary IT projects, intensified competition in mature markets, and heightened client emphasis on operational resilience and proximity all made rapid market share gains through organic means more challenging.

In this context, outbound acquisitions served multiple purposes:

1. Risk mitigation – reducing dependency on Ukrainian delivery centers by establishing operations abroad.
2. Client retention and acquisition – enhancing competitiveness in winning and keeping contracts by offering multi-jurisdictional delivery capabilities.
3. Market access – securing a presence in strategic client markets where building scale organically would take significantly longer.
4. Capability enhancement – adding higher value-added services and niche technological expertise to compete in more selective and profitable market segments.

While Ukrainian firms continued to pursue these goals organically, M&A provided a faster and more certain route to achieving them, allowing buyers to combine immediate operational capacity gains with long-term strategic positioning.

Conclusions

The analysis of Ukraine's position in the global IT services market through the lens of M&A activity over the 2016–2025 period demonstrates the strong interconnection between global macroeconomic dynamics, geopolitical developments, and strategic corporate decision-making. The Ukrainian IT services sector, while accounting for a modest share of the global market, has evolved into a significant export-oriented industry, underpinned by a large pool of skilled engineers, cost competitiveness, and integration into advanced economies' value chains.

First, the segmentation of the 2010–2025 period into three phases—steady expansion and globalization (2010–2019), pandemic-driven acceleration (2020–2021), and post-pandemic slowdown with wartime adaptation (2022–2025)—proved analytically sound for explaining both market and transactional dynamics. Each phase reflected distinct global and domestic conditions that shaped the strategic rationale for M&A transactions involving Ukrainian IT services firms.

Second, prior to the pandemic and the war, M&A activity was dominated by inbound acquisitions from foreign strategics seeking to establish or expand delivery capacity in Ukraine. These deals were primarily motivated by access to Ukraine's engineering talent and cost advantages, with limited changes to acquirers' client portfolios or go-to-market strategies.

Third, during the pandemic-driven surge, while deal volumes increased, the underlying motivations largely persisted. The heightened global demand for digital transformation reinforced Ukraine's attractiveness as a delivery location. In parallel, domestic consolidation emerged as a secondary trend, with Ukrainian firms scaling talent bases to meet rising demand. The period also marked the first notable outbound acquisition by a Ukrainian IT firm, aimed at diversifying delivery geographies and mitigating future operational risks.

Fourth, the post-2022 period brought a profound shift in M&A strategies. The full-scale Russian invasion, coupled with global economic tightening and weaker demand for discretionary IT projects, halted significant inbound acquisitions by foreign strategics. Ukrainian firms increasingly

turned to outbound M&A, targeting foreign companies to diversify delivery locations, access strategic client markets, and enhance resilience. This reflects a transition from Ukraine being primarily a delivery hub for global players to becoming an active originator of cross-border acquisitions.

Fifth, across all periods, the primary strategic rationale for M&A remained the securing or expansion of delivery capabilities. However, the means of achieving this evolved—from inbound capacity-building to outbound diversification—driven by a changing risk-reward calculus in light of geopolitical instability, market volatility, and client preferences for operational proximity.

Finally, the Ukrainian IT services M&A trajectory underscores the importance of context in shaping deal rationales and outcomes. The interplay between global market cycles, macro-financial conditions, and domestic geopolitical realities has been decisive in determining both the feasibility and direction of M&A strategies. This also highlights a broader methodological implication: M&A predictions, particularly in the IT services sector, could significantly benefit from systematically incorporating contextual variables—such as macroeconomic trends, geopolitical risks, and sector-specific demand shifts—alongside firm-level and industry-specific characteristics. Doing so would improve both the explanatory power and practical applicability of predictive models in anticipating future M&A activity.

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ECONOMIC MECHANISMS OF ENVIRONMENTAL MANAGEMENT: EVOLUTION AND CURRENT TRENDS WITH PROSPECTS FOR UKRAINIAN REALITIES

ЕКОНОМІЧНІ МЕХАНІЗМИ ЕКОЛОГІЧНОГО МЕНЕДЖМЕНТУ: ЕВОЛЮЦІЯ ТА СУЧАСНІ ТЕНДЕНЦІЇ З ПЕРСПЕКТИВАМИ ДЛЯ УКРАЇНСЬКИХ РЕАЛІЙ

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Abstracts. *In view of the ongoing climate degradation, the article analyses and compares the most commonly used mechanisms for preventing negative environmental impacts resulting from human activities. In this respect, administrative and economic mechanisms are considered, which have a significantly different nature. Based on the consideration of the specific features of these approaches, the advantages of economic methods that provide incentives for individual enterprises to implement the necessary environmental protection measures, as opposed to purely administrative and restrictive measures inherent in command-and-control approach.*

Among the economic mechanisms of environmental management of climate change, as one of the most painful problem of our time, the main attention is paid to the principle of direct financial taxation and the method of market trading in emission quotas, which is commonly known as cap and trade systems. The advantages and disadvantages of these approaches to limiting anthropogenic greenhouse gas emissions are presented and analysed, and the range of application of these basic economic instruments in different countries of the world is demonstrated.

It is noted that the Association Agreement between Ukraine and the European Union provides for the introduction in the coming years of a national greenhouse gas trading system adapted to the pan-European system that has been in place since 2005. In this regard current state of the national ETS system implementation is analysed with the first essential step of which being the putting in force a carbon emissions monitoring, reporting and verification system.

Keywords. *Environmental management, economic mechanisms, carbon emissions, carbon trading, carbon taxation, carbon allowances, carbon credits.*

Анотація. *З огляду на триваючу деградацію клімату, у статті проаналізовано та порівняно найбільш поширені механізми запобігання негативному впливу на навколишнє середовище внаслідок людської діяльності. У цьому контексті розглядаються адміністративні та економічні механізми, які мають суттєво різну природу. На основі розгляду особливостей цих підходів показано переваги економічних методів, які забезпечують стимулювання окремих підприємств до впровадження необхідних природоохоронних заходів,*

на відміну від суто адміністративних та обмежувальних заходів, притаманних командно-адміністративному підходу.

Серед економічних механізмів екологічного управління зміною клімату, як однією з найболючіших проблем сучасності, основна увага приділяється принципу прямого фінансового оподаткування та методу ринкової торгівлі квотами на викиди, який отримав широку популярність під назвою «система торгівлі квотами» (cap and trade). Представлено та проаналізовано переваги та недоліки цих підходів до обмеження антропогенних викидів парникових газів, а також продемонстровано сферу застосування цих основних економічних інструментів у різних країнах світу.

Зазначається, що Угода про асоціацію між Україною та Європейським Союзом передбачає запровадження у найближчі роки національної системи торгівлі квотами на викиди парникових газів, адаптованої до загальноєвропейської системи, яка діє з 2005 року. У зв'язку з цим проаналізовано поточний стан впровадження національної системи СТВ, першим важливим кроком якої є введення в дію системи моніторингу, звітності та верифікації викидів вуглецю.

Ключові слова. *Екологічний менеджмент, економічні механізми, викиди вуглецю, торгівля квотами, вуглецеве оподаткування, квоти на викиди вуглецю, вуглецеві кредити.*

Introduction. Limited volume of natural resources available and negative processes of their degradation and depletion accelerated in the modern era by hugely intensified human production activity are becoming an increasing threat not only to further overall economic development but in general sense to future generations well-being**.** This axiomatic statement is well recognized already and led to formulation of global sustainability concept to be implemented to address growing challenges in this respect and to mitigate possible unpleasant consequences. Environmental component of sustainable development as well as other main pillars of this concept including economic and social one in this respect requires scientifically grounded and practically proven regulations that should be adopted, implemented and followed at all necessary levels including corporate, industry, national, regional and international.

Such multi-level approach is of particular importance for environmental part of sustainability concept with obvious externality nature when potentially harmful for ecology human activity caused by any operator are born also by other parties that are not involved in operation processes. It means that environmentally negative factors appearing locally at the operator’s facilities spread their influence over much broader geographical area and consequently influencing other parties and their interests. This is particularly true for global climate system change issue that is becoming increasingly recognized as one of the main factors of negative impact on the environmental component of sustainable development.

The first official statement at the international level on the threat of global warming was made back in 1976 by the World Meteorological Organisation (WMO). Scientifically grounded evidence of a significant anthropogenic impact on the climate associated with human activity was first presented to the international community three years later at the 1st World Climate Conference in Geneva.

The Intergovernmental Panel on Climate Change (IPCC), established by the decision of this first global climate forum, has become the world's premier scientific body aimed to study, analyse and systematise data on worldwide climate change processes with further grounding of projected scenarios for their development in the short and long term sense. The periodic reports provided by the IPCC are invariably the subject of wide discussion, as they contain the most substantiated conclusions on the global processes of climate change occurring in the planet's ecosystem, with the identification of prospects for their further development.

Latest among them IPPC Sixth Assessment Report and Synthesis Report published in 2023 summarize in particular the state of art in climate change, its widespread impacts and risks, and

climate change mitigation and adaptation as a results of measures provided at all levels. Among main conclusions arising from these reports are the following (*IPPC*, 2023:18):

- human activities in first hand through emissions of greenhouse gases, have unequivocally caused global warming, with worldwide surface temperature 1.1°C above of the level end of 19-th century.
- global greenhouse gas emissions have continued to increase resulted in widespread and rapid adverse changes in the atmosphere, ocean, cryosphere and biosphere that have occurred affecting every region across the globe;
- despite progress in planning and implementation of regulatory measures to mitigate climate changes across all sectors and regions, adaptation gaps exist, and will continue to grow at current rates of implementation.

Unfavorable situation in place with global climate warming and prospects of its further aggravation necessitate general analysis of existing approaches to tackle this phenomenon and their efficiency with prospects for implementation in Ukrainian realities. In this sense it can be considered as **main goal of the publication** intended to delve into evolution and current trends of economical mechanisms of environmental management with application to climate change phenomenon mainly.

Literature review. In general case institutional measures to tackle environmental challenges could be split in 3 main streamlines (*Percival R V.,* et al, 2024: 21):

-administering through implementation, directives, standards and norms aimed to regulate impact of human activity;

-**taxation** by introducing direct taxation of environmentally harmful operations;

-**trading systems** via application of market approach to mitigate environmentally negative aspects.

The traditional approach used to regulate the anthropogenic impact on the climate system is to implement administrative measures that limit the activities of hazardous industries in terms of the level of environmental pollution permissible for them. The main algorithm of this approach is defined by a concise formulation as *'command and control - CAC'.* In this context, the 'command' part refers to the establishment of directive provisions in the form of laws, standards, regulations and other binding administrative documents. The content of the other part, 'control', is to monitor compliance with the established requirements and impose sanctions in case of violation. Such sanctions may take various forms, including administrative penalties, criminal liability, fines, and various organisational measures, including, as a last resort, the suspension of the company's operations.

In general terms, this approach can be described as direct legislative regulation of an industry or type of activity that defines what is permissible and what is illegal. The level of harmfulness that is permissible is established by the relevant state policy-making bodies and is fixed in the standards, norms and regulatory documents issued by them.

Historically this approach was the first to appear being still widely used for different ecology related applications especially in developing countries like China and India, where they form the backbone of environmental regulation frameworks (*Blackman A.,* et al, 2018: 3). It has been actively spreading since the 60s and 70s of the last century due to its simplicity and obviousness and has been implemented in many countries around the world (*Bocher M. A.,* 2012: 4). Being most prevalent approach at that time it was also attracted by the possibility of fairly prompt application of appropriate administrative measures aimed at protecting the environment (*Singhal P.* , 2018: 29).

By that time, the public understanding of the limited natural resources and the need to ensure the principles of sustainable socio-economic development at all echelons of social life had not yet reached the modern level. However, since the 1980s, its criticism has gradually spread, mainly due to the lack of flexibility and the formation of internal motivation of enterprises to be more economical with natural capital.

Environmental regulation in force in Ukraine bears a clear signs of post-soviet era with its administrative principles of economy governance. It reflected in dominance of command-and-control approach firmly followed till the end of previous century in all aspects of country live including ecological issues. Visible changes appeared only beginning of this century with joining the Kyoto Protocol and even more remarkably since 2014, to align with European Union (EU) standards as part of the EU–Ukraine Association Agreement (*Yakymenko I.*, 2024: 37).

While reported evidences encompassing 32 developing countries demonstrated that CAC policies can play a positive role in reducing pollutant emissions and improve environmental outcomes, particularly for easily identifiable pollution sources (*Blackman A.,* et al, 2018: 3). At the same time implementation of these measures is alligned with certain trade-offs: while they mitigate lower emissions, they can suppress enterprise productivity and increase compliance costs without sufficient compensation effect from innovations provided.

The general view of the low efficiency of the administrative approach to environmental management, especially for complex environmental issues that cover a large number of sources of problems, has been significantly reinforced by the results of analytical work on their economic comparison with less costly incentive-based approaches. An economic analysis of the results of applying different approaches to preventing air pollution in New York State (*Burton E.I.,* et al, 1973: 5) and San Luis (*Atkinson S.E.,* 1974: 2) through computer modelling of the processes involved has shown a significant economic advantage of the incentive principles of environmental regulation. Depending on the degree of air pollution, the advantage in the economic efficiency of incentive principles per unit of emission reduction estimated within the ranges from 2 to 4. A similar estimate was obtained as a result of a generalised comparison of the costs of reducing anthropogenic impact on the environment using administrative and economic incentive approaches in the United States and some European countries (*Harrington W.,* 2004: 15).

At the same time it should be noted that all measures related to command-and-control principle of environmental policy could be referred as economically incentivizing only in respect of financial penalties that operator should bear when breaking established pollution limits. In this sense in line with the article main purpose most attention is given to regulatory more flexible and economically more efficient approaches of environmental policy, i.e. taxation and trading systems.

Main research results and discussion. While administrative methods of environmental management are focused on the use of various regulatory and restrictive instruments, incentive-based approaches are grounded on economic principles of creating interest in reducing the anthropogenic burden on the environment. In first hand, it is environmental taxation, the main idea of which is to impose taxes on pollution, which stimulates companies to reduce the level of pollution induced.

The conceptual idea of pollution taxation lies in the essence of the process itself, since the polluter causes harm not only to itself, but to the entire environment as a whole, i.e. to others. This manifests not only the internal, but also the external side of any pollution, which is called externality effect. Based on this, it is quite obvious that the polluter should pay for the total losses that it causes by its production, adding these costs to the cost of its products. Conversely, this will stimulate the producer to reduce the level of pollution, which will lead to a reduction in the level of the corresponding tax. Revenues that may be expected from environmental taxation for instance carbon taxes could be directed to implement pollution limiting actions to decrease more distortive taxes leading to 'double dividend' effect (*Freire-González J.,* 2018: 14).

The theoretical justification for the concept of environmental taxation was first provided by Arthur Pigou in 1920 in his work (*Pigou A.,* 1920: 22), where he showed that internal and general costs differ in the level of external costs that should be compensated by appropriate taxation. This approach seems quite obvious, but the main difficulties in its effective application lie in the lack of reliable tools for costing environmental impact, and thus a reasonable determination of the level of taxation. Therefore, despite the fact that this concept has been comprehensively generalised in the form of the 'polluter pays' principle, its practical application invariably encounters the issue of how

to optimally determine the level of this payment, which is complicated by the lack of necessary basic information.

Based on advantages of direct taxation environmental economists have been promoting this approach as key environmental policy instrument already for several decades second half of last century. Gradually it appears as complimentary approach to command-and control principle of environmental policy being pioneered by such European Nordic States like Finland (1990), Norway (1991), Sweden (1992) and Denmark (1992) with gradual spreading over other countries (*Andersen, M*., 2004: 1). According to the World Bank statistics, as of mid 2022, 36 jurisdictions have introduced already carbon taxes covering 5.7% of global GHG emissions (*WB*, 2022: 33). In this list of countries Ukraine is also present with carbon taxation introduced starting from 2011.

The general situation with the uncertainty of the cost of polluting and in first hand its external component, together with the national economic specifics, including a cautious attitude to the possible depressive impact on corresponding industries, gives rise to a certain subjectivity in setting the level of environmental taxation in different countries. As a result carbon tax rates among these countries vary in a broad range, between US$0.08 per ton of CO2 equivalent (CO2e) in Poland and US$129.89 in Sweden (*Schratzenstaller M*., 2023: 27). For Ukraine the fee associated with emission of carbon dioxide into atmosphere from 2022 amounts UAH 30 (US$ 0.73) per metric ton (*State statistics*, 2023: 19). And that is a remarkable increase from previously mandated from 2011 level of UAH 0.24 (US$ 0.006)/t.

This range of taxation levels demonstrated above refers to so-called ‘carbon tax’, which is imposed on the main fossil fuels such as oil, coal and natural gas, as their consumption accounts for the bulk of greenhouse gas emissions. Such a large discrepancy cannot be explained by the level of economic development of individual countries alone (*Prabhuti R, Soral G*., 2025: 24). To a large extent, this is a manifestation of the general attitude to climate change that exists in a particular country.

Such wide variation in the level of carbon taxation confirms the difficulty of establishing an economically justified level of taxation. This also makes it complicated to adopt a uniform level of carbon taxation at the regional and international level. Regarding current general status of climate degradation abatement and commitments in this respect under Paris Climate Agreement and European Green Deal countries with low level of carbon levies should provide necessary balanced measures to achieve more tangible reductions of anthropogenic emissions to meet obligations assumed.

The main advantages of taxation as an economic mechanism for regulating the negative impact on the climate system include direct impact on emitters and the simplicity of administration of the taxation process itself, as well as its transparency. It does not require complex organisational structures, development of detailed procedures and control over their implementation, which may cause significant additional costs.

At the same time, the principle of taxation does not allow for direct impact and regulation of the level of harmful emissions, since the decision to pay the tax or implement measures to reduce emissions remains with the emitting company. This is a significant general limitation inherent in the principle of taxation as an economic mechanism of environmental management.

The ways and efficiency of using the financial flows generated through the introduction of taxation remain a significant issue as well. These flows are generated in business being guided to government institutions where they are distributed. This creates a tempting possibility of their misuse for purposes other than environmental protection.

The lack of flexibility in responding to natural fluctuations in such factors as inflation, the state of the currency market, crisis phenomena, and others inherent in the taxation approach also provided an additional reason to seek different concept of economic regulation of the anthropogenic burden on the ecosystem. The main competing principle to the environmental taxation of emissions of harmful substances appeared to be the approach based on setting emission limits and market trading of permits for these emissions, abbreviated as ‘cap and trade’.

The theoretical basis of this approach is the concept of property rights, which was used as a basis by Ronald Coarse in its development (*Coarse R.,* 1960: 7). He was the first to prove that the most economically feasible approach to environmental management is a market mechanism that minimizes the costs of achieving the environmental goal. A few years later, John Dales formulated the conceptual idea that emission rights granted by the state to enterprises can be subject to market trading (*Dale J.,* 1968: 11). In this case, the state should organize this process and control its implementation.

The effectiveness of this approach was first demonstrated in the late 60s of the last century based on the results of a series of computer modelling studies of different approaches to reducing air pollution in several US cities (*Burton E*., 1974: 5). Calculations were performed for various mechanisms to prevent further air pollution in order to compare the costs of their implementation. The results obtained in all cases demonstrated a clear economic advantage of a flexible market-based approach to reducing air pollution which has gradually evolved into a holistic cap-and-trade concept as the most economically attractive mechanism for achieving the set level of environmental pollution control.

In contrast to direct emissions taxation, which sets a tax level and does not control the emissions reductions that are achieved, this approach fixes the level of emissions that are permissible through quotas, while the allowances themselves can be traded at prices that are freely determined on the market. Those companies that have surplus allowances can sell them on the open market at their discretion, while companies that exceed their emission targets can buy the missing allowances on the market instead of paying fines. This creates a financial market for emission allowances, or in other words, trading in these allowances.

One of the main advantages of this approach to reducing the burden on the ecosystem is the possibility of achieving the overall result at a lower cost, as emission reductions can be made where it is most economically feasible, and enterprises that lack permits can purchase the appropriate number of permits on the free market.

The first practical attempt to apply an emissions trading system was made in the United States as part of a program to combat the so-called ‘acid rain’ introduced by the Clean Air Act in 1990. Its implementation reduced emissions of NO2 and SO2 , which are the main cause of acid rain, by 3 million tons per year by 1995 (*Coniff R.*. 2009: 9).

The positive experience of this trading system for emission quotas for these harmful substances was the impetus for its introduction in the formation of the international mechanism for the implementation of the UN Framework Convention on Climate Change (UNFCCC). The legally binding quantitative commitments of the countries participating in this convention are contained in the Kyoto Protocol, which was signed in 1997 as a supplement to the main text of the UNFCCC. According to Annex B to this protocol, the commitments of 38 industrialised countries and countries with economies in transition to reduce greenhouse gas emissions by 2012 were set in the range of 5-8% compared to their level in 1990, which was adopted as the baseline. Along with other post-soviet countries Ukraine appeared to be in an advantageous position, as due to the sharp decline in industrial production in these countries after 1990, anthropogenic emissions of harmful gases into the atmosphere decreased significantly.

The Kyoto Protocol provides for flexible mechanisms to implement the countries' commitments to reduce greenhouse gas emissions. The use of these mechanisms enables interested countries to obtain or purchase additional emission allowances, adding them to the cap set by the Kyoto Protocol. Since the mechanisms provided for by the Protocol are related to investment projects aimed at reducing emissions or direct purchase of additional allowances, these mechanisms are referred as economic or market-based.

These mechanisms include the following:

- Joint Implementation Mechanism (JI) that provides for investment projects aimed at reducing emissions between developed countries and countries with economies in transition;

- The Clean Development Mechanism (CDM) oriented to the implementation of projects in developing countries at the expenses of developed countries or at the expenses of developing countries themselves;
- The Emission Trading Mechanism (ETM) focused on the direct purchase and sale of emission quotas between countries.

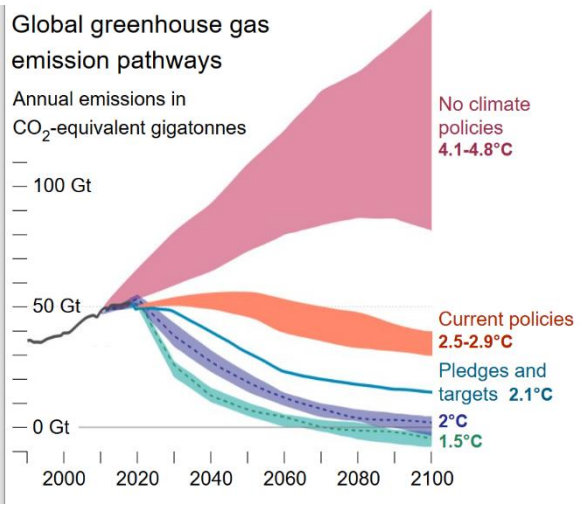
Thus, the market mechanisms envisaged by the Kyoto Protocol have opened a direct economic route for the purchase and sale of achieved emission reductions from countries with a surplus of greenhouse gas emissions to countries with their shortage.

The Protocol's first commitment period started in 2008 and ended in 2012. All 36 countries that fully participated in the first commitment period complied with the Protocol objectives. The greatest emission reductions were seen in the former East-European Bloc countries because the dissolution of the Soviet Union reduced their emissions in the early 1990s. Collectively, these countries through implementation flexible mechanisms of Kyoto Protocol surpassed their aggregate commitment, reducing emissions by an average of 2.4 GtCO2e per year (*Shishlov I.*, et al., 2016: 28). Even though these countries significantly reduced their emissions during the first Kyoto commitment period, other large developing countries with fast growing economies like China, India, Thailand, Indonesia, Egypt, and Iran increased their emissions so much that the global emissions increased by 32% from 1990 to 2010 (*UNEP*, 2012: 31).

A second commitment period was agreed in 2012 to extend the agreement to 2020, known as the Doha Amendment to the Kyoto Protocol, in which 37 countries had binding targets. It achieved modest emissions reductions among participating developed countries, with new rules limiting surplus allowances and a stronger focus on forest carbon sinks. However, the withdrawal or non-participation of major emitting economies including Canada, China, Egypt, India, Iran, Japan, USA and unresolved legal issues around emissions units limited its global impact. Ukraine actively participated in first commitment period of Kyoto protocol with total number of JI-type projects above 300 but refrained from being officially involved in its second phase (*Yakubovsky V.,* 2014: 36).

In general, the Kyoto Protocol resulted in measurable emissions reductions and fostered technological innovation, but its economic costs and design limitations tempered its overall effectiveness. At the same time it laid down the groundwork for future climate policy, highlighting the need to balance environmental goals with economic realities and broader participation.

With all drawbacks and lack of efficiency of measures provided by the Kyoto Protocol both stages as a next main step of United Nations Framework Convention on Climate Change efforts became a Paris Climate Agreement negotiated by 196 countries and signed in 2016 (*UNFCC*, 2016: 32). Nowadays it should be considered as a landmark international treaty focused at limiting global warming to well below 2°C, with efforts to keep it to 1.5°C above pre-industrial level till this century end and beyond (Fig,1). And to stay below such level of global warming, emissions need to be cut by roughly 50% by 2030 (*Schleussner, C.-Fr.,* et al, 2022: 26).



Under the Paris Agreement, each participating country must determine, plan, and regularly report on its contributions. In contrast to the Kyoto Protocol no mechanism forces a country to set specific emissions targets emphasizing voluntary national commitments, but each 5-years long target should go beyond previous targets without any distinction between developed and developing countries.

Fig.1. Global greenhouse gas emission main pathways. Source: Ritchie H., Roser *M.*, 2017: 25.

It means that each country is free to set its own climate targets called Nationally Determined Contributions, or NDCs, which are reviewed and compared internationally to encourage greater ambition through transparency and peer pressure. At the same time current situation demonstrates that national pledges announced are not sufficient to keep warming below 2°C and without stronger action, projected warming is 2.6–3.1°C by 2100 (Fig.1).

Being widely recognized as a historic step in global climate governance the Paris Agreement which introduced a flexible, inclusive framework for climate action and spurred international cooperation, current commitments fall short of its temperature goals, and stronger, faster actions are needed to avoid further dangerous global warming.

The adoption of the UN Framework Convention on Climate Change, its Kyoto Protocol and Paris Accords with quantitative commitments of countries to prevent further degradation of the climate system has become a kind of impetus for further actions to create emissions trading systems (ETS) at the regional, national and sub-national levels.

Like a tax on emissions, an ETS injects the cost of emitting greenhouse gases into business decision making. Unlike taxes, which control the price of emissions but not their quantity, an ETS controls the quantity of emissions but leaves the price to vary based on the supply and demand of allowances, subject to a limit on their total amount. Hence, carbon emissions trading is a common flexible and market-oriented concept that countries may use to attempt to meet their pledges under the Paris Agreement.

In its core essence emissions trading sets a quantitative total limit on the emissions produced by all emitters involved, which correspondingly determines the prices of emissions. Under emission trading, a polluter having more emissions than their quota has to purchase the right to emit more from emitters with fewer emissions. Consequently, emitter with extra carbon quota amount has an opportunity to sell in at the open carbon market.

As mentioned above the use of emissions trading as a pollution control mechanism was first introduced in the United States under the Clean Air Act, which led to a significant reduction in emissions of sulphur oxide, that causes smog and acid rain, and reduced cost of addressing the associated environmental consequences when using command-and-control tools (*Common M.,* 2006: 8).

Such positive experience led to rapid expansion of emission trading system adoption as a mechanism of environmental regulation at subnational, national and regional level over last 20 years. Two main streams of carbon markets originated during this period: those that trade emissions allowances and those that trade carbon credits. The former are often called “compliance” markets because the firms that usually operate within them are required to do so by regulation. The latter are often called the “voluntary” carbon markets because most entities that purchase carbon credits voluntarily, usually in support of a climate commitment or claim.

As of today, there are 37 emission trading systems and 33 crediting mechanisms in force around the world, with another 22 at various stages of consideration and development (*WB,* 2025b: 35). Carbon trading systems in operation at subnational, national and international level cover already 23 % of global GHG emissions to compare with additional 5 % covered by carbon taxes. Hence, totally worldwide GHG emissions coverage by these two carbon pricing mechanisms equals 28 %. In absolute figures it gives almost 15 billion metric tons of carbon dioxide equivalent emissions (tCO2e) out of the global total emission level of just over 52 billion tCO2e (*WB,* 2025a: 34). To underline the scale of the jurisdictions implemented carbon pricing mechanisms it could be mentioned that they represents roughly 2/3 of global GNP. Among carbon emission trading systems in place to-day most widescale are European Union Emission Trading Scheme (EU-ETS) and Chinese ETS (Table).

In general appearance of EU ETS the first stage of which was launched in 2005 under Directive 2003/87/EC of the European Parliament served as a strong impetus and example for others. As of 2025, this trading system being a central pillar of the European climate policy covers more than 11,000 emitters. It operates in 27 EU countries across the European continent plus

Iceland, Liechtenstein and Norway, which are responsible for approximately half of all greenhouse gas emissions of the continent.

The European trading system is based on the quota principle, which was previously preliminary tested in the UK and Denmark. In accordance with the quantitative commitments made, each country develops a national quota plan that should cover all emitters of harmful emissions in the relevant industries

At the initial stage, the list of economic sectors covered by Directive 2003/87/EC included energy, production and processing of ferrous metals, minerals and pulp and paper production. Subsequently, Directive 2009/29/EC added a number of other metallurgical and chemical industries and air transport to this list. As a result, the European Greenhouse Gas Emissions Trading Scheme is considered now as fundamental element of the EU's entire climate change policy.

In contrast to the Kyoto mechanisms, which are project-oriented, the EU-ETS implements the principle of object orientation. This means that each production facility included in the emissions trading system must provide verified by independent body annual reports on its emissions for the reporting period in line with the allocated quotas and purchased permits. At the same time, operators have the opportunity to freely sell or purchase emission permits at prices freely formed on the market, as well as accumulate them or carry them over to subsequent periods.

The establishment and development of the European trading system was not easy, as the main powerful industrial circles, whose interests were directly affected by this system, actively opposed its implementation. As a result, the initial level of emission permits was set too high, which led to a significant reduction in the cost per unit of emissions. The impact of the global economic crisis 2007-2009 and COVID-19 pandemic which induced certain decline in production, was also noticeable.

Table.

Carbon trading systems globally as of April 2025. Source: built based on (*WB,* 2025a: 34) results.

ETS	Year start	Jurisdiction	Main price rate, USD/tCO2	Share of emissions covered, %	Gov-nt revenue Received, USD
Alberta TIER	2007	Canada	USD 66.2	59 %	USD 412 mln
Australia SM	2023	Australia	USD 21.8	26 %	USD 1264 mln
Austria ETS	2022	Austria	USD 48.5	36 %	-
British Columbia	2016	Canada	USD 66.2	26 %	-
Beijing Pilot ETS	2013	China	USD 12.2	17 %	USD 1 mln
California ETS	2012	USA	USD 29.3	76 %	USD 4400 mln
Canada Federal	2019	Canada	USD 66.2	3 %	-
China National	2021	China	USD 11.8	51 %	-
Chongqing Pilot	2014	China	USD 5.5	14 %	USD 3 mln
Colorado ETS	2023	USA	-	3 %	-
EU ETS	2005	EU	USD 70.4	40%	USD 41703 mln
Fujian ETS	2016	China	USD 4.7	16 %	-
Germany ETS	2021	Germany	USD 48.5	39 %	USD 13933 mln
Guangdong Pilot	2013	China	USD 5.4	12 %	-
Hubei Pilot	2014	China	USD 5.4	20 %	-
Indonesia ETS	2023	Indonesia	USD 0.7	24 %	-
Kazakhstan ETS	2013	Kazakhstan	USD 0.9	43 %	-
Korea ETS	2015	Korea, Rep.	USD 6.5	79 %	USD 134 mln
Massachusetts ETS	2018	USA	USD 9.3	9 %	USD 19 mln
Mexico ETS	2020	Mexico	-	36 %	-
Montenegro ETS	2022	Montenegro	USD 25.9	43 %	USD 14 mln
New Brunswick ETS	2021	Canada	USD 66.2	54 %	-
New Zealand ETS	2008	New Zealand	USD 32.0	44 %	USD 293 mln
Newfoundland ETS	2019	Canada	USD 66.2	36 %	USD 0.4 mln
Nova Scotia ETS	2019	Canada	USD 66.2	36 %	USD 13 mln
Ontario ETS	2022	Canada	USD 66.2	26 %	-
Oregon ETS	2021	USA	-	48 %	-
Quebec ETS	2013	Canada	USD 41.5	76 %	USD 1.055 mln

Regional GHG	2009	USA	USD 23.3	14 %	USD 1.456 mln
Saitama ETS	2011	Japan	USD 1.0	16 %	-
Shanghai Pilot ETS	2013	China	USD 10.8	21 %	USD 13 mln
Shenzhen Pilot ETS	2013	China	USD 6.5	37 %	-
Switzerland ETS	2008	Switzerland	USD 64.7	13 %	USD 50 mln
Tianjin ETS	2013	China	USD 5.3	16 %	-
Tokyo ETS	2010	Japan	USD 4.0	19 %	-
UK ETS	2021	United Kingdom	USD 57.2	27 %	USD 3250 mln
Washington ETS	2023	USA	USD 50.0	71 %	USD 811 mln

During current forth period of EU-ETS covering years 2021-2030 its further modernization is planned including reforms of previously established Market Stability Reserve which plays a critical role in stabilizing European carbon market. Such a reform is also aimed to form the backbone of a global carbon market and to reach an ambitious goal for Europe to become the world's first climate-neutral continent by 2050 (*EU-ETS*, 2021: 13).

Summarizing assessment the EU-ETS effectiveness in reducing emissions using a rigorous, machine-learning assisted systematic review and meta-analysis demonstrated that it has delivered measurable emissions reductions effect quantified at about 7% and drove technological changes in particular in the energy sector (*Döbbeling-Hildebrandt N.,* et al., 2024: 12). No significant impact on profits and employment had been detected with an increase in revenues and fixed assets for regulated companies.

The relatively rapid development of the European greenhouse gas emissions trading system has largely stimulated interest in the creation of other national, regional and subnational trading systems. In many cases, they were based on the principles and structure of the European model, which has been well tested already.

The list of the main trade systems existing as of 2025 presented in Table is not exhaustive. It should be supplemented by fairly new or planned trade systems and schemes, the total number of which reaches 22 (*Cayol G., Monar D. C.,* 2025: 6). However, these systems and schemes which are not included in the Table do not yet finalised organisational and economic criteria for their operation.

These emissions trading systems are so-called regulatory or compliance systems, i.e. regulated and implemented by relevant policy documents at the international, national or subnational levels. To them should also be added a rather impressive list of existing voluntary systems, the total number of which has already exceeded 30. The largest among them by volume are run by Verra, Gold Standard, Climate Action Reserve (CAR) and American Carbon Registry (ACR). Together they accounted for 77% of all credits issued in the credit market in 2023 (*MSCI*, 2024: 19).

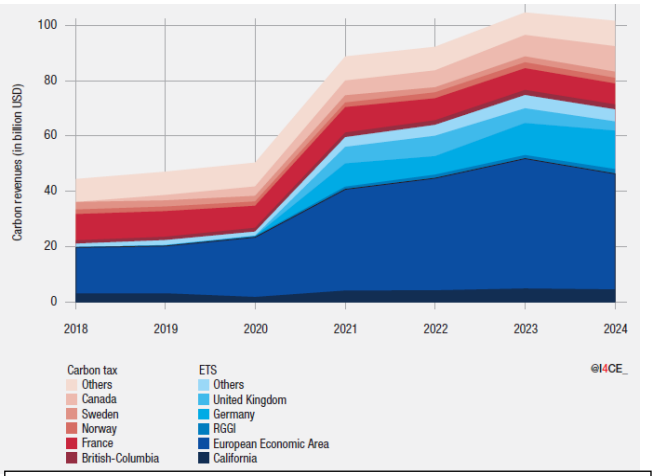


Fig.2. Evolution of Global Carbon Revenues. Source: (*Cayol G., Monar D. C.*, 2025: 6).

First of all, the existing number of greenhouse gas emissions trading systems currently in operation, covering a wide geographical area of the globe, is impressive. Moreover, this list is constantly growing, which puts on the agenda the difficult question of gradually merging or linking individual systems and creating a single global carbon market.

The steady spread of greenhouse gas emissions trading systems in the world, which has become most prominent in recent years, is a direct proof of the interest in their use. Financial incentives are also essential. Last two years total carbon pricing revenues exceeded $100 billion (Fig.2). By 2024, governments will have

collected 2.3 times the amount of carbon revenues in 2018, with ETS generating around 67% of the total sum (*Cayol G., Monar D. C.,* 2025: 6).

Such an impressive increase in global carbon revenues is induced not only by carbon emissions coverage by different crediting mechanisms but also by gradual growth of carbon allowance and credits prices. As demonstrated by Fig.3 carbon allowances with all fluctuations steadily grew in prices for all main trading systems. Unstable character of this tendency is influenced not only by carbon market volatility but also regulatory rules changes that took place during carbon trading systems operation to adapt their performance to main climate objectives established.

As mentioned above one of the ETS main advantage is their flexibility and focus on achieving a specific environmental result. The flexible economic nature of the very principle of such systems, based on the free formation of the market price per unit of emissions, leads to its significant fluctuations over time (fig.3).

In general carbon trading as an economic mechanism clearly occupy growing place in ongoing efforts in climate change mitigation. More and more governments and local administrations at subnational level especially in fast growing economies are planning to implement different types of flexible trading mechanism to combat climate degradation. With the current coverage by pricing instruments in place with 28 % of global GHG emissions there is still plenty of space for further growth. According to top-down estimates of the Independent High-Level Expert Group on Climate Finance, USD 6.3-6.7 trillion are needed each year for global climate investments by 2030 (*Cayol G., Monar D.,* 2025: 6).

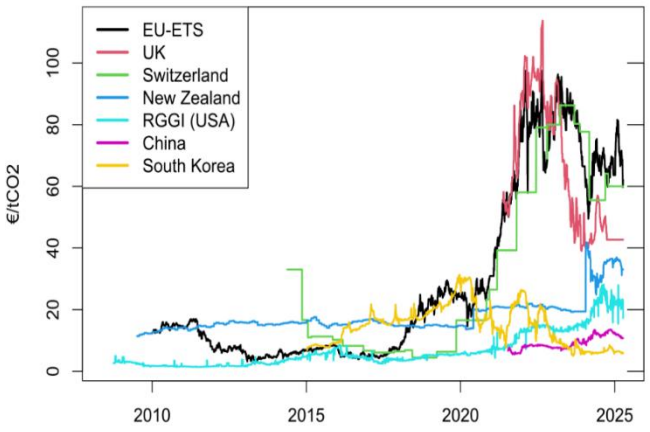


Fig.3. Allowances prices evolution for several ETS. Source: *Hedgehoque,* 2025: 16

This picture in evolving in general of unfavorable situation with low economic growth projections and rising volatility in trade and financial markets are placing additional pressures on public budgets. In this context, carbon pricing offers promising opportunity through mobilizing additional financial resources to secure development outcomes even during periods of uncertainty.

But carbon trading mechanisms development is not without controversy. The main caveats to using trading systems as a basic instrument in international environmental policy on climate change are as follows. First of all, it is a rather complicated mechanism that requires further improvement. One of the main problems is the rather significant fluctuation in the cost of emission units. Its excessive value limits the possibilities of free trade exchange. On the other hand, their very low prices do not stimulate the implementation of emission limitation measures being the main purpose of using such systems. The main tool for improving trading systems in this regard is the introduction of restrictions on both the excessively high price of emission units and their minimum level. In some regulatory emissions trading systems, such restrictions are already used, in particular, in Japan and China (*ICAP,* 2024: 17).

Another reason for criticising emissions trading systems is their low overall efficiency and geographical unevenness and imbalance. Since the cheapest emission reduction units are in less economically developed countries (Table), it is obvious that developed countries are trying to ensure that their obligations are met the expenses of low-income countries. With such geographical ‘flows’, there is no real emissions reduction in the economically and industrially developed countries that are the largest emitters, which is not socially fair. To take this into account, additional regulatory measures are needed to limit the possibility of such ‘flows’ or to introduce economic levers to balance such cross-border transactions.

For Ukraine, the issues of economic mechanisms of environmental management primarily related to climate change are not secondary and remote in time. Active participation in first stage of Kyoto protocol project oriented mechanisms gave an opportunity to gain some experience in market oriented approaches to climate mitigation. They are also a priority in the entire environmental block of the Association Agreement with the European Union signed and ratified by the Ukrainian Parliament in 2014 and entered into force from September 01, 2017. This Agreement envisages the introduction of a national greenhouse gas emissions trading system adapted to the relevant European system and outlines steps for the implementation of a national ETS, including:

- adopting national legislation and designating a competent authority;
- establishing a system for identifying relevant installations and GHGs;
- developing a national allocation plan to distribute allowances;
- establishing a system to issue allowances to be traded domestically and
- establishing monitoring, reporting, verification (MRV) and enforcement systems, as well as public consultations procedures.

Such a system should be implemented within 2 years from the date of entry into force of the Association Agreement and is overdue now as a result of military time of unrest. At the same time first solid step in establishing national ETS has been done by establishing national MRV system of carbon emissions with its scope partially covering activities similar to EU ETS (*Law No. 4187*., 2025: 20). the MRV procedures as adopted in the framework law on MRV have been applied by regulated installations. To establish national ETS, Ukraine plans to develop separate legislation based on at least three years data from the MRV system. National ETS is now planned to be launched in a pilot mode in 2025.

With implementation of national ETS system Ukraine will join global cohort of countries where full mixture of command-and-control and economical mechanisms instruments in environmental management are used with gradual historical prevailing of the last group of approaches as being more flexible and adaptive. Within this group of instruments emission trading systems should play growing role.

Conclusions. While the world faces the escalating impacts of climate change, the urgent need for effective mitigation strategies is becoming more evident. Addressing this negative tendency governments and other regulatory institutions around the globe are looking to implement most proper climate policy frameworks based on existing components with evolving track of wider reliance to economically more efficient pricing mechanisms.

To-days overall picture of environmental management instruments in use shows complex palette of earlier established command-and-control methods and economically more incentivizing instruments. These main approaches to regulating anthropogenic impact on the environment discussed above clearly demonstrate the advantage of economic levers that provide flexible and more effective incentives for enterprises to implement appropriate environmental protection measures. Among such economic methods of environmental management, the most theoretically sound and widely tested are direct taxation and emissions trading systems. Joint implementation of these methods already led to coverage of 28 % of global carbon emissions where 23 % share belongs to ETSs.

Whereas direct taxation methods are characterised by simplicity and transparency, along with the lack of direct influence on the level of emission reductions to be achieved. In contrast, emissions trading systems have an advantages of flexibility and greater economic feasibility with somewhat more complex organisational design and operation.

With the signing of the Association Agreement with the European Union, Ukraine got on the path of developing and implementing its own national carbon dioxide emissions trading system that would be fully adapted to the pan-European trading system. This process will require significant additional organisational and methodological efforts in the near future.

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HEALTHFLATION: HEALTHCARE SECTORS HOSTAGE TO MACROECONOMIC INSTABILITY AND COST OF LIVING CRISIS

ХЕЛСФЛЯЦІЯ: СФЕРА ОХОРОНИ ЗДОРОВ'Я В ЗАРУЧНИКАХ У МАКРОЕКОНОМІЧНОЇ НЕСТАБІЛЬНОСТІ ТА КРИЗИ ВАРТОСТІ ЖИТТЯ

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Abstract. *The hypothesis of the article is to recognize the fact that the impact of inflation on health deserves academic attention. Based on the statement that inflation negatively affects health, and the more negative this impact is, the more vulnerable certain groups of people are in terms of socio-economic status, we set ourselves the goal of defining the category of "healthflation", which will allow us to actualize an important component of price instability. We have established that the term "healthflation" is an explanation of price fluctuations that occurred: (1) as a result of restrictions on the international movement of goods and services, international movement of labor as a result of the implementation of border closure and self-isolation policies; (2) in the field of medical care, in the medical services market, in the medical equipment market and in the pharmaceutical market (including the vaccine market); (3) due to the cost of medical services, the need for which arose as a result of the deterioration of health, which is associated with the cost of living crisis, which resulted in a reduction in economic activity and economic growth rates under the influence of the pandemic. It is noted that health inflation, which manifests itself in a reduction*

in the purchasing power of economic agents, can occur: as a reaction to pandemics (where, as a result of the introduction of restrictions on the movement of factors of production, the supply of goods decreases, which provokes an increase in prices); as a reaction to a decrease in labor productivity due to a decrease in economic activity and a deterioration in health as a component of human capital; as a reaction to an attempt to implement large-scale projects aimed at improving the health of the population and/or projects to increase national security in the field of providing drugs of strategic importance, the center of production of which may be a country from the "unfriendly" list, which will allow it to use drugs as a weapon; as a reaction to a change in the structure of population expenditures due to a deterioration in health (reduction in consumption of certain types of services, increase in consumption of goods) and the use of preventive measures; as a reaction to the redistribution of budget expenditures due to a decrease in revenues (taxes, attracted investments), which forcibly reduces the volume of medical care provided, increasing household spending on private medical services. According to the author's approach, health inflation or healthcare inflation can also be defined as the difference between the growth of healthcare spending per capita and the growth in life expectancy. It was found that the average annual health inflation was 4.3% per year in 2000-2022 and peaked at 9.2% in 2020 at the beginning of the COVID-19 pandemic. Health inflation was lowest in low-income countries and relatively higher in fast-growing and upper-middle-income countries, showing a nonlinear relationship with the level of development, which can be explained by the fact that in difficult times people focus on essential health services that are crucial for their security. On the other hand, in conditions of rapid economic growth, people can afford to buy more services that are less urgent but provide a better quality of life and are willing to pay more for them, which can affect the prices of health services. The dependence on economic growth has persisted during the pandemic, but another factor has also become significant – inflation, which is negatively correlated with health inflation.

Key words: *international macroeconomics, world economy, inflation, deflation, healthflation, covid pandemic, liquidity trap, liquidity, demand, supply, investment, savings, household, price stability, health economics, health systems, health policy, health services market, health services, debt, labor resources, workforce, human capital, productivity, cost of living crisis*

Анотація. *Гіпотеза статті полягає у визнанні того факту, що вплив інфляції на здоров'я заслуговує академічної спільноти. Виходячи із твердження, що інфляція негативно впливає на здоров'я, і тим негативнішим є цей вплив, чим більш уразливими з точки зору соціально-економічного становища є окремі групи людей, ми ставимо собі за мету визначити категорію «healthflation», що дозволить актуалізувати важливу складову цінової нестабільності. Нами було встановлено, що термін «healthflation» є поясненням цінових флуктуацій, які сталися: (1) внаслідок обмеження міжнародного руху товарів та послуг, міжнародного руху робочої сили у результаті впровадження політики закриття кордонів та самоізоляції; (2) у сфері медичної допомоги, на ринку медичних послуг, на ринку медичного обладнання та на фармацевтичному ринку (у тому числі на ринку вакцин); (3) внаслідок витрат на медичні послуги, потреба у яких виникла у результаті погіршення стану здоров'я, що пов'язане із кризою вартості життя, що результувала скорочення економічної активності та темпів зростання економіки під впливом пандемії. Визначено, що хелсфляція, що виявляється у скороченні купівельної спроможності економічних агентів, може виникати: як реакція на пандемії (де внаслідок введення обмежень на рух факторів виробництва зменшується пропозиція товарів, що провокує зростання цін); як реакція на зменшення продуктивності праці внаслідок скорочення економічної активності та погіршення здоров'я як складової людського капіталу; як реакція на спробу в обмежені часові межі реалізувати масштабні проєкти, спрямовані на оздоровлення населення та/або проєкти щодо підвищення національної безпеки у сфері забезпечення препаратами стратегічного значення, центром виробництва яких може виявитися країна зі списку*

«недружніх», що дозволить їй використовувати ліки як зброю; як реакція на зміну структури витрат населення внаслідок погіршення стану здоров'я (скорочення споживання окремих видів послуг, зростання споживання товарів) та використання превентивних засобів; як реакція на перерозподіл бюджетних видатків внаслідок зменшення доходів (податків, залучених інвестицій), що вимушено зменшує обсяги медичної допомоги, що надається, збільшуючи витрати домогосподарств на приватні медичні послуги. За авторським підходом, хелсфляцію або інфляцію охорони здоров'я також можна визначити як різницю між зростанням витрат на охорону здоров'я на душу населення та зростанням тривалості життя. Встановлено, що середньорічна хелсфляція становила 4,3% на рік у 2000-2022 роках і досягла піку в 9,2% у 2020 році на початку пандемії COVID-19. Хелсфляція була найнижчою в країнах з низьким рівнем доходу та відносно вищою в країнах з швидким зростанням та рівнем доходу вище середнього, демонструючи нелінійну залежність від рівня розвитку, що може бути пояснене тим, що у важкі часи люди зосереджуються на найважливіших медичних послугах, які мають вирішальне значення для їхньої безпеки. З іншого боку, за умов швидкого економічного зростання люди можуть дозволити собі купувати більше послуг, які є менш терміновими, але забезпечують кращу якість життя, і готові платити за них більше грошей, що може вплинути на ціни на медичні послуги. Залежність від економічного зростання зберігалася і в період пандемії, але інший фактор також став значним – інфляція з негативною кореляцією з інфляцією охорони здоров'я.

Ключові слова: *міжнародна макроекономіка, світова економіка, інфляція, дефляція, healthflation, пандемія ковід, пастка ліквідності, ліквідність, попит, пропозиція, інвестиції, заощадження, домогосподарство, цінова стабільність, економіка охорони здоров'я, системи охорони здоров'я, політика охорони здоров'я, ринок медичних послуг, послуги охорони здоров'я, борг, трудові ресурси, робоча сила, людський капітал, продуктивність, криза вартості життя.*

Introduction. IMF researchers analyzed the impact of epidemics, wars and natural disasters on inflation over the past 100 years and found that epidemics are always followed by a jump in inflation – albeit a short-term one (*Harding, M., Lindé, J., & Trabandt, M., 2023)*. The Covid pandemic was no exception. One of the main problems of the global economy caused by the pandemic was inflation. Its immediate causes were record liquidity injections, ultra-low and negative rates of leading central banks, and rising supply costs. The increase in government support packages for the provision of medical care was combined with the encouragement of green public and private investments, as well as fair climate investments of households, which were supposed to become an additional trigger for economic growth. The "commodity supercycle", when a wide range of raw materials are traded at prices above long-term trends, the lion's share of which are critical for the green and digital transition, has already added a fly in the ointment of price stability. Climate change also directly affects the health of the population and the ability to generate *income (Reznikova, N., & Panchenko, V., 2023)*. The allocation of funds for measures to combat climate change and to mitigate the effects of climate change may reduce the space for health spending, which may have unpredictable consequences for inflation, even so much that they may undermine the efforts of monetary policy to maintain price stability. Forced savings due to the physical impossibility of purchasing goods and services due to anti-pandemic restrictions, reduced incomes, and the desire to save were compensated by a large-scale expansion of the money supply and monetization of budget deficits, which removed the risks of deflation. Governments increased their debts in the fight against the pandemic, and for them, currency devaluation could ease the burden of debt by devaluing it, i.e., inflation *(Reznikova, N., & Ivashchenko, O., 2016)*. Inflation in this case becomes an alternative to raising taxes or cutting spending immediately after the crisis. The

pandemic has seriously changed the structure of consumption, shifting the emphasis from the services sector to goods. The demand for technological and digital services has grown significantly. At the same time, a number of authors prove that pandemics can lead to both accelerated inflation and deflation. As a result of a pandemic, the so-called "inflation saw" may occur: a slowdown in inflation and then an acceleration. Initially, an outbreak of infection becomes a deflationary factor, but stimulus programs mitigate the effect of deflationary forces and can subsequently lead to excessive inflation. In a situation where the level of economic uncertainty is high and the central bank interest rate is low, there is a very narrow corridor between two traps – a deflation trap and an inflation trap. The path to deflation looks like a liquidity trap: the crisis provokes a "flight to safety" – people increase precautionary savings, reducing consumption, which puts downward pressure on prices; expectations of further decline in demand force people to save even more, and low rates leave no room to support demand by easing monetary policy. In an inflation trap, people increase consumption, which accelerates the rate of price growth; people seek to invest in safe assets, such as foreign currency, which weakens the national currency and also fuels inflation. There are now factors that have both inflationary (growing government debt obligations and deferred demand) and deflationary effects (economic uncertainty and weak economic activity) *(Reznikova, N., Ptashchenko, O., Chugayev, O., & Ivashchenko, O., 2022)*; *Reznikova N., Ivashchenko O., Hrynchak N., & Dvornyk I., 2022*; *(Reznikova, N., Bulatova, O., Yatsenko, O., Ivashchenko, O., 2022); (Reznikova, N., Panchenko, V., Ivashchenko, O., 2021)*.

The purpose of the article. Taking for granted that inflation has a negative impact on health, and the more negative this impact is, the more vulnerable certain groups of people are from the point of view of their socio-economic status, we set ourselves the goal of defining the category of "healthflation", which will allow us to actualize an important component of price instability. Reducing the impact of inflation on health is worthy of academic attention.

Literature review. The macroeconomics of pandemics has become an object of study at the intersection of interdisciplinary research *(Eichenbaum, M. S., Rebelo, S., & Trabandt, M., 2020*; *Bloom, D. E., Kuhn, M., & Prettner, K., 2020; (World Bank. (2020a)*; *(Borelli, L, Góes, G. S.(2021)*; *(Almås, I., Bold, T., von Carnap, T., Ghisolfi, S., & Sandefur, J., 2023); (Yfantopoulos, J., Zhong, F., & Khanam, R., 2024)*. The studies emphasize the fact that large-scale government aid packages were aimed at eliminating the consequences of the pandemic, which led to inflationary processes *(Loveday, M., & Beck, L., 2020; Martin, A., Chazan, G., Mallet, V., Johnson, M., & Dombey, D., 2020)*. At the same time, restrictions introduced during the pandemic have increased production costs, which has contributed to the increase in supply-side inflation. Consumers are increasingly characterizing price increases as an act of greed on the part of entrepreneurs, and they call this phenomenon greedflation *(Krompas, I., 2023*; *Çakır, M., Liaukonyte, J., & Richards, T.J., 2025)*. The authors argue that firms with market power (firms that can increase and maintain the price of their products or services above the level that would exist in a perfectly competitive market) are, in effect, using global inflation as an excuse to raise prices to a greater extent than would actually be appropriate *(Vidyakina, M., & Reznikova, N., 2013)*. Research into corporate financial data provides quantitative evidence that companies have used the pandemic to raise prices above cost to their highest levels in nearly 70 years *(Jeurissen, P, Hasan, R, Den Besten, M, & Cylus. J., 2024)*.

Main results of the research. The famous American economist, Nobel laureate Kenneth Arrow noted that among the numerous factors that shape the health of the population, medical care is only one of them, but in fact other factors are very important *(Hammer, J., H., Haas-Wilson, D., & Sage, W.M., 2001)*. In poor countries, income, other goods and services, housing, basic sanitary facilities, clothing, access to healthy food are much more important – all this is important for the formation of health. Thus, the economy as a whole forms the health of the

population, and not just the health care system. And here, in different countries, depending on their income, and whether the countries are poor or rich, different factors that form health come to the fore. Analysis of studies proves that in different countries, depending on the level of economic development, certain factors form the health of the population *(Eichenbaum, M.S., Rebelo, S., & Trabandt, M., 2021*, *(Chetty, R., Friedman, J., Hendren, N-, Stepner, M., & the Opportunity Insights Team, 2020*, *(Guerrieri, V., Lorenzoni, G., Straub L., & Werning, I., 2020)*, *(Movsisyan, A., Wendel, F., Bethel, A., Coenen, M., Krajewska, J., Littlecott, H., Stöckl, H., & Voss, S., 2024)*.

Being an integral property of the labor force, health, along with other qualitative characteristics of the labor force (education, qualifications), has a significant impact on the pace of socio-economic development of society. The health status of the population determines the well-being of families, enterprises of various profiles, the economic well-being of the region, and also determines the quantitative and qualitative characteristics of the labor force and the social, economic and labor activity of the population, which in turn have a direct impact on the level of the most important macroeconomic indicators (GDP, national income, etc.). The second aspect of the relationship between the health of the population and the economy of regions and the country as a whole is the volume of expenditure on health care. In all developed and developing countries, there is an increase in expenditure due to funding from various sources (from the state budget, through health insurance or through direct payment by the patient) *(Reznikova, N., & Rubtsova, M., 2018)*.

Depending on the level at which economic relations are considered within the healthcare system or outside it, they can be divided into macroeconomic relations (relations are formed within the framework of the national economy as a whole and, above all, in those sectors that are directly related to healthcare), micro relations (the activities of each individual medical and preventive institution), as well as economic ties within the healthcare system as a sector of the economy consisting of a number of sub-sectors, industries and specializations related to the solution of one functional task – the protection and strengthening of public health. *(Reznikova N. V., Ivashchenko O. A., & Voitovych, O., 2018)*.

Direct economic losses due to morbidity include the costs of providing medical care and social insurance benefits for temporary disability and disability pensions. Indirect economic losses are losses due to decreased labor productivity due to morbidity, the volume of under-produced products at an industrial enterprise, and the integral reduction in national income at the level of the entire national economy due to temporary or permanent disability or death of people of working age. It is also necessary to take into account the fact that indirect economic losses are many times greater than direct economic damage due to morbidity. According to scientists, direct economic losses account for about 10% of the total economic damage due to diseases, while indirect losses account for almost 90%. *(Jakovljevic, M., & Ogura, S., 2016)*. Organization of various health promotion activities aimed at reducing the incidence rate (vaccination of the population, for example) or vaccination, injury prevention, preventive examinations for the early detection of diseases significantly reduce the economic damage due to diseases. Reduction in incidence after active health promotion activities and reduction in economic damage due to reduction in incidence determine the economic effect of health care. Several mechanisms determine the relationship between income and health: a decrease in income of at least one member of the household limits the purchase of health-supporting goods for all family members. Energy inflation leads to the need to redistribute income in favor of heating due to a decrease in the quality of nutrition, which, in turn, leads to deterioration in health. A decrease in income can make rent unaffordable, leads to a deterioration in living conditions, this leads to a high level of stress and affects the incidence rate. Consequently, a deterioration in living conditions (a crisis in the quality of life), energy and fuel poverty can lead to a forced increase in spending on health services.

It should be noted that the concepts of “health care inflation” and “global medical inflation” have already been used in scientific studies. Researchers describe the direct and indirect consequences of inflation for both the health care industry and households *(Black, N., Harris, A.,*

Jayawardana, D., & Johnston, D., 2023). "Inflation-adjusted health care spending" is a key economic indicator that reflects the real purchasing power of funds spent on health care. This indicator is calculated by adjusting nominal health care spending for overall economy-wide inflation, which allows us to assess the true dynamics of health care financing relative to overall price growth in the economy. Inflation-adjusted health care spending directly affects the budget deficit through several mechanisms *(Reznikova, N., & Rubtsova, M., 2019)*. First, a decrease in real health care spending can temporarily relieve pressure on the government budget, since health care accounts for a significant share of government spending. Research shows that health care spending as a share of US GDP has declined from a peak of over 20% in mid-2020 to 18% in May 2022. However, this relationship is twofold. On the one hand, a slowdown in health care spending may help reduce the budget deficit in the short term. On the other hand, such a slowdown may result from deferred medical care or underfunding of the health care system, which in the long term may lead to increased spending due to the need to treat advanced diseases. It is especially important to note the role of federal health care support programs during the COVID-19 pandemic. The study points to one-time federal spending, such as the Medicare Accelerated and Advance Payment programs, that has distorted normal spending patterns and its impact on the budget deficit *(ALTARUM, 2022)*. Central to the concept of "inflation-adjusted health care spending" is its relationship to overall inflation. The study *(ALTARUM, 2022)* shows that the decline in real health care spending in 2021–22 was driven largely by the fact that health care price increases lagged overall inflation. The data show that overall inflation increased sharply beginning in the second quarter of 2021, initially driven by rising prices of goods (cars, computer chips) and then by services. At the same time, health care price increases remained at or below their long-term average. This divergence is explained by the unique nature of health care pricing, where prices are often set in advance through contract negotiations and government programs. This dynamic creates a temporary "window of opportunity" for the economy when health care costs do not add to inflationary pressures. However, the study warns that this period may be short-lived, as new provider contracts set to take effect in 2022 are already showing signs of accelerating health care price increases. The concept of "health care inflation" should not be confused with the concept of "Covid inflation" *(Cavallo, A., 2020*; *Giannone, D., & Primiceri, G., 2024)*. "Covid inflation" is a specific type of inflation that emerged during the COVID-19 pandemic and is characterized by a significant discrepancy between official consumer price indices and the real change in the cost of living for the population. Covid inflation arose as a result of a fundamental change in the structure of consumer spending during the pandemic. Due to quarantine measures and social distancing, people significantly reduced spending on transport, tourism, public catering, sports and increased spending on food, home entertainment and essential goods. The main problem is that official statistical indices are based on a fixed consumer basket, which is revised only once a year. During the pandemic, consumer preferences changed dramatically and quickly, which led to a decrease in the informativeness of official inflation estimates. The pandemic created an unprecedented situation: millions of goods and services in dozens of countries became unavailable to consumers due to the closure of retail outlets and service enterprises. This led to the "problem of disappearing goods and services", when a significant part of the official consumer basket simply disappeared from real consumption.

The analysis of the studies allows us to make a number of generalizations *(Ruhm, CJ., 2005*); *Black, N., Harris, A., Jayawardana, D., & Johnston, D., 2024*; *Bentley, R, Daniel, L, Li, Y, Baker, E, & Li, A., 2023)*. High inflation affects health through multi-level, interconnected mechanisms. High inflation is the main trigger of the entire chain of effects, and low wage growth is an aggravating factor, creating a scissors between price and income growth. These economic conditions are reinforced by government policies such as higher interest rates, which, although aimed at combating inflation, create additional pressure on the cost of living in the short term. Researchers distinguish three main channels of influence: (1) Material hardship affects: food insecurity (inability to ensure access to nutritious and safe food) *(Bhattacharya, J., Currie, J., &*

Haider, S., 2004); energy poverty or inability to ensure adequate heating / cooling of housing; lead to the phenomenon of deferred health care (postponement of medical services due to their cost); threaten housing instability (*Bentley, R, Daniel, L, Li, Y, Baker, E, & Li, A., 2023)*; (2) Psychosocial effects increase financial stress (constant worry about the ability to meet basic needs), relationship strain (conflicts within family and social networks due to financial pressure), and cognitive load (reduced decision-making and concentration) *(Butterworth, P., Rodgers, B., Windsor, TD.)*; (3) Behavioural effects include: increased working hours (an attempt to compensate for the lack of income); lifestyle changes (adjustments to eating habits, leisure time, physical activity). Mutually reinforcing mechanisms arise due to the cyclical nature of the problem: psychosocial effects lead to decreased productivity and earnings, which further aggravate all three types of effects, creating a vicious circle. All three channels of influence converge in health consequences, including deteriorating mental health, physical health problems, and changes in health-related behavior.

In order to demonstrate the alternative nature of the approach we propose in relation to existing studies, we propose to refer to the study of A. Charlesworth *(Charlesworth, A., 2014)*, in which the author defines the concept of health care inflation through several key characteristics and dimensions. “Health care inflation” is understood by the author as an increase in health care costs, which systematically exceeds the rate of general inflation in the economy. This phenomenon is characterized by the fact that the costs of medical services increase faster than the general price level in the country. The author provides specific figures to illustrate this phenomenon in the UK: over the past 20 years, general inflation in the UK has averaged just over 2% per year; health care costs have grown at a rate of 3.6% per year; since the foundation of the National Health Service (NHS) 65 years ago, health care costs have increased by approximately 4% annually. The author identifies two main approaches to measuring health care inflation: (1) comparison with general economic inflation (it uses the GDP deflator as an indicator of inflation in the entire economy, and this approach is important from the point of view of taxpayers, since it reflects the real contribution to the increase in NHS resources); (2) NHS Wage and Price Index (measures changes in the cost of NHS staff; takes into account the cost of goods and services purchased by the NHS (drugs, medical equipment, utilities, cleaning contracts).

Essentially, A. Charlesworth *(Charlesworth, A., 2014)* separates health care inflation into two main components:

(1). Staff costs – this accounts for around half of all health care spending. Despite the special mechanism for setting NHS wages through independent pay review boards, over the long term, NHS pay trends track wage trends for similarly skilled workers in the wider economy fairly closely.

(2). Goods and services – this component of health care inflation tends to rise at a rate similar to the overall rate of inflation in the economy (1.8% per annum, compared with an average annual rise in the GDP deflator of 2.2% per annum).

A. Charlesworth *(Charlesworth, A., 2014)* highlights an important paradox: NHS input costs are not becoming relatively more expensive than input costs elsewhere in the economy. This means that health care inflation is not explained by overly generous wage increases or disproportionate increases in the prices of health care goods and services. A. Charlesworth *(Charlesworth, A., 2014)* identifies two main factors that explain higher inflation in healthcare:

1. Structural changes in the labour market: wages of highly skilled workers grew faster than those of low-skilled workers, and the healthcare sector has a higher proportion of highly skilled workers than the economy average.

2. Changes in the skill composition of the NHS staff: the healthcare system uses an increasing proportion of highly skilled personnel to provide medical care. For example, in 1997, 10% of nurses had higher education, and by 2010 this figure had risen to 40%.

Thus, health care inflation in the A. Charlesworth's understanding is a complex phenomenon that reflects not only the growth of prices for medical services, but also structural

changes in the healthcare economy associated with the improvement of personnel qualifications and the specifics of technological development in the medical field *(Charlesworth, A., 2014)*.

Therefore, the term "healthflation" proposed by us serves as an explanation for the "price vicissitudes" that occurred: (1) as a result of restrictions on the international movement of goods and services, the international movement of labor as a result of border closure and self-isolation policies; (2) in the field of medical care, in the medical services market, in the medical equipment market and in the pharmaceutical market (including the vaccine market); (3) as a result of expenses on medical services, the need for which arose as a result of the deterioration of health due to the cost of living crisis as a consequence of the reduction in economic activity and economic growth rates under the influence of the pandemic).

According to our approach, healthflation, manifested in a reduction in the purchasing power of economic agents, can occur:

1) as a response to pandemics (where, as a result of the introduction of restrictions on the movement of production factors, the supply of goods decreases, provoking an increase in prices);

2) as a response to a decrease in labor productivity as a result of a reduction in economic activity and deterioration in health as a component of human capital; 3) as a reaction to an attempt to implement large-scale projects aimed at improving the health of the population and/or projects to improve national security in the area of providing drugs of strategic importance in a limited time frame, the center of production of which may be a country from the list of "unfriendly" countries, which will allow it to use drugs as a weapon;

4) as a reaction to a change in the structure of population expenditure due to deteriorating health (reduced consumption of certain types of services, increased consumption of goods) and the use of preventive measures (masks, disinfectants, etc.);

5) as a reaction to the redistribution of budget expenditures due to a decrease in revenues (taxes, attracted investments), which is forced to reduce the volume of medical care provided, increasing household spending on private medical services.

Methodology. On the other hand, healthflation may be conceptually defined as growth of prices for health-related services. But what should be unit price? It is possible to consider a wide range of medical services, but their composition varies in various countries, they largely differ in their efficiency and prices may be distorted depending on the type of financing medical services (by the government budget, insurance companies, charity organizations, patients themselves including sometimes informal payments). Nevertheless, it is possible to consider a universal objective equivalent of human health improvement, such as increase in life expectancy, which is largely the ultimate goal of medical procedures (besides quality of life aspect). Therefore operational definition of healthflation (HF) in further analysis is the difference:

$$HF=HE-LE,$$

where HE is increase in Current health expenditure per capita, PPP (current international $) in % and LE is increase in Life expectancy at birth, total (years) in %. A positive value of HF means that growth of healthcare expenditure is not that efficient as it could be, possibly due to growth in prices for medical services, diminishing efficiency of additional medical treatment or other effects.

Several factors of healthflation are analyzed with correlation analysis:

- Life expectancy at birth, total (years);
- Current health expenditure per capita, PPP (current international $);
- Out-of-pocket expenditure (% of current health expenditure);
- External health expenditure (% of current health expenditure);
- Unemployment, total (% of total labor force) from World Bank (*World Bank, 2025b)*;
- Inflation, consumer prices (annual %);
- GNI per capita growth (annual %);

- Gini index;
- GDP per capita, PPP (constant 2021 international $) from World Bank *(World Bank, 2025c).*

HF is calculated for a long-term period (2022 relatively 2000), pandemic period (2021 relatively 2019) and short-term period (for each individual year). Correlations are calculated based on panel data (up to 6000 cases: country-years) and cross-sectional data (up to 236 cases: countries or country groups). As for factors, their average values within the analyzed periods are calculated for cross-sectional correlations as well as starting values in base years for HE and LE. Correlation analysis is followed by regression analysis. In the final models only factors with significant b-coefficients are left.

Results. Tables 1 and 2 demonstrate healthflation trends. On average it was 4.3% worldwide. There was a peak in 2020-2021 (under decrease in life expectancy by 0.9 and 1.3% in these years due to the COVID-19 pandemic) and local peaks in 2001 and 2006. And the lowest healthflation was in 2010, 2017 and 2022. But the trend patterns were largely different in East Asia & Pacific (correlation only 0.29 with global fluctuations), Brazil (0.25), China (0.1), Japan (-0.08), Nigeria (0.23), Poland (0.29).

Table 1. Healthflation in country groups.

Country groups / years	World	High income	Upper middle income	Lower middle income	Low income	European Union	East Asia & Pacific	Latin America & Caribbean	Middle East & North Africa	Sub-Saharan Africa
2001	6.3	7.3	5.5	9.8	2.6	6.4	5.6	4.6	9.0	4.9
2002	5.7	7.6	5.5	1.0	8.7	7.1	6.0	1.0	-0.2	-2.2
2003	5.5	6.4	7.3	7.1	9.3	4.6	8.3	2.2	-0.1	22.1
2004	5.1	5.0	7.6	6.1	6.0	4.1	6.5	5.5	2.9	3.7
2005	5.2	5.5	8.2	6.9	5.8	4.5	8.2	6.3	1.2	4.2
2006	6.5	6.7	8.8	6.3	11.3	7.6	7.3	8.7	4.7	6.5
2007	5.2	5.1	8.8	4.6	6.2	5.0	6.8	8.9	5.6	3.9
2008	5.1	5.1	8.8	4.0	1.4	7.6	9.0	5.0	1.5	2.3
2009	5.5	4.7	11.6	5.2	9.0	5.1	11.0	5.1	20.7	5.3
2010	1.9	2.6	4.1	1.3	-2.3	2.6	6.1	2.4	-2.2	-2.0
2011	3.9	3.8	7.8	3.1	-1.0	3.3	12.8	4.0	2.7	2.5
2012	3.5	3.2	6.9	8.2	-2.7	2.0	8.6	2.0	3.6	-1.8
2013	3.5	3.2	6.1	10.1	7.8	3.5	6.6	5.8	0.9	4.3
2014	3.2	3.5	5.0	0.8	8.1	2.3	4.5	4.1	7.2	0.2
2015	3.1	3.5	4.1	4.7	0.6	3.1	5.0	3.5	1.8	1.9
2016	3.0	3.6	3.3	3.0	7.3	5.5	2.9	0.2	3.7	0.7
2017	2.6	3.5	5.0	-3.3	-3.4	4.7	4.5	5.9	1.3	-3.5
2018	3.5	3.9	5.8	2.6	-4.1	4.4	7.1	2.5	-2.4	-4.9
2019	4.5	5.3	6.2	6.0	2.2	8.3	8.2	-1.6	-2.8	2.4
2020	9.2	11.5	6.7	4.7	4.6	7.8	6.9	3.2	6.3	4.6
2021	7.7	6.4	10.2	16.6	7.1	10.6	9.1	13.2	3.3	8.3
2022	2.4	3.6	4.0	5.1	-0.4	4.7	7.0	1.9	-4.4	4.7
2022/2000	183	203	336	222	146	214	381	158	90	107
2021/2019	17	18	17	22	12	19	17	16	10	13

Source: calculated by the authors

The highest long-term healthflation was in upper middle income economies, East Asia & Pacific, and specifically in such countries as Armenia (1564%), Mozambique (1167%), Myanmar (1091%) and among large economies – China (764%) and Russia (556%). The lowest one was in Middle East & North Africa, Sub-Saharan Africa and low income economies, and specifically in the Gambia (-87%), Brunei Darussalam (-34%), Lebanon (-29%) and among large economies – Brazil (116%).

Table 2. Healthflation in selected countries.

Countries / years	Brazil	China	France	Germany	India	Japan	Nigeria	Poland	Russian Federation	Ukraine	United Kingdom	United States
2001	4.4	3.3	6.6	4.2	10.5	5.0	5.5	11.1	12.8	17.0	9.3	7.5
2002	4.6	13.1	7.0	5.6	2.2	3.8	-12.2	13.2	15.0	12.9	10.0	8.6
2003	-4.7	12.1	-0.4	4.4	1.5	4.5	113.9	2.0	7.5	23.0	6.5	7.5
2004	5.9	8.7	2.7	1.8	6.9	5.2	-2.3	6.8	1.2	9.2	8.8	5.3
2005	3.5	11.1	5.5	2.8	4.1	6.1	2.9	2.8	15.8	10.2	2.4	5.9
2006	8.2	8.6	7.4	5.8	3.7	4.5	-1.3	8.7	24.2	12.9	7.8	5.6
2007	6.6	8.1	4.0	4.4	5.6	5.2	-2.4	12.2	9.9	4.4	4.6	4.8
2008	3.1	17.2	4.5	5.9	3.1	4.6	2.3	17.9	24.5	-5.1	6.6	2.9
2009	3.9	21.5	5.9	6.6	5.1	4.9	5.8	8.4	9.6	1.8	3.3	2.9
2010	1.7	7.0	2.7	4.4	1.1	6.7	-10.9	5.9	-7.2	7.5	3.2	2.7
2011	2.8	13.9	3.4	5.6	2.4	18.8	4.3	4.8	-1.1	7.3	1.4	2.2
2012	-0.9	14.7	1.9	2.6	10.1	5.0	1.4	3.7	9.2	8.9	4.0	2.9
2013	6.5	9.9	5.5	5.3	16.4	4.5	6.1	6.2	9.7	11.0	5.0	1.8
2014	5.9	6.1	1.7	4.1	-0.8	0.6	3.0	2.5	2.1	-1.7	2.2	4.4
2015	-0.8	6.5	1.4	3.7	3.1	3.4	5.5	5.7	-5.1	1.2	2.7	4.8
2016	-0.4	4.6	5.2	5.9	3.5	-1.8	-2.1	7.6	-0.7	5.4	2.7	3.8
2017	4.9	7.1	2.8	5.7	-11.9	1.9	1.6	6.3	7.6	4.0	2.5	3.0
2018	3.1	10.4	2.8	5.5	4.5	2.3	-16.4	2.7	10.6	8.1	3.7	3.5
2019	3.8	11.9	9.0	7.2	7.6	3.3	-2.3	13.0	9.0	-0.8	8.2	3.4
2020	-0.8	8.8	5.9	7.9	7.9	1.4	10.2	4.7	43.9	5.4	16.7	13.0
2021	12.8	7.3	10.3	9.1	17.8	5.0	27.2	14.0	-0.7	20.5	9.7	3.6
2022	2.0	9.6	3.6	6.0	4.1	8.6	12.2	9.8	1.0		1.5	2.2
2022/2000	116	764	168	211	204	177	213	423	556	381	235	172
2021/2019	12	17	17	18	27	6	40	19	42	27	28	17

Source: calculated by the authors

But during the pandemic period the highest healthflation was in Lower middle income economies, and by countries in Guyana (80%), Liberia (71%), Uzbekistan (60%), and as for large ones – in Russia (42%) and Nigeria (40%). It was the lowest in Middle East & North Africa, Low

income economies, and by countries in Lebanon (-61%), Lesotho (-49%), Surinam (-42%), in large ones in Japan (6%) and Brazil (12%).

According to cross-sectional data in 2000-2022 there were correlations of healthflation with (significant at $p<0.05$) – with possible explanations:

- Starting level of Current health expenditure per capita (-0.2) – when it below reasonable level it may be a government policy or consumer priority to increase the expenditure when circumstances permit it;
- Out-of-pocket expenditure share (0.20) – market based healthcare system may be associated with faster growth of prices for medical services;
- GNI per capita growth (0.59) – under economic crisis people focus on the most essential medical services which are crucial for safety, while under economic boom they may practice consuming also less essential medical services and more expensive medicine, which is more about ensuring better quality of life than survival;

The correlation with GDP per capita was only marginally significant at $p<0.1$ (-0.12).

During the pandemic period there were correlations of healthflation with (significant at $p<0.05$):

- Starting level of Life expectancy at birth (0.14) – higher life expectance means a larger share of senior citizens, which were more sensitive to COVID-19, which made treatment more costly and widely used;
- Unemployment (-0.13) – higher unemployment is associated with a recession (see the effect of economic growth above);
- External health expenditure (-0.21) – foreign aid for healthcare may mean improvement in technology of medical services, synergy of domestic and foreign knowledge and experience, and may be more focused on ensuring survival than quality of life or there may be an indirect effect as External health expenditure and Life expectancy are strongly correlated (-0.63);
- Inflation (-0.31) – there may be a substitution effect under high inflation, when people have to spend more on food and other essential products than on healthcare;
- Gini index (-0.21) – under high inequality a larger share of people focus only on survival healthcare than on quality of life healthcare;
- GNI per capita growth (0.36).

GNI per capita growth (EG) was the only indicator with correlations in both periods. Moreover it was the only indicator with practically significant correlation according to panel data (0.21).

In the long term period regression model is ($R^2=0.34$, N=183):

$$HF=136.2+62.0EG$$
$$(18.7)^{***}\ (6.3)^{***}$$

In the pandemic period regression model is ($R^2=0.21$, N=178) includes also inflation (Inf):

$$HF=19.0+1.53EG-0.16.0Inf$$
$$(1.08)^{***}\ (0.34)^{***}\ (0.039)^{***}$$

Conclusions. At the early stage of the pandemic and global renewal, most governments rightly focused the first wave of stimulus measures on the most important priorities: supporting the healthcare sector and providing direct assistance to households, businesses and ordinary workers. Imported medicines became more expensive due to the falling purchasing power of currencies, due to the rise in prices of raw materials imported from abroad. This led to a shortage of a number of cheap basic medicines, since the increased costs of substances made it unprofitable for manufacturers to produce them. But later, when the crisis began to develop into a long-term

economic downturn, governments tried to use the "green agenda" as a way to stimulate national development and announced an increase in the volume of financing for the green transition.

We consider health as a form of capital. Human capital is obviously linked to economic performance. At the same time, health is an important component of human capital, which means that health is linked to economic performance. Health contributes to the economy (both at the individual level and at the national level, especially in high-income countries) through increased productivity, labor supply, skills, and savings that become available for investment in physical and intellectual capital. And, accordingly, any actions that a person takes to improve their health, maintain it, we consider as investments. This confirms that health is part of the human capital of an individual and of all labor resources. That is, investments in health are investments in human capital, which means that, all other things being equal, the possibility of economic growth of the country as a whole depends on investments in health.

Healthflation may also be defined as the difference between growth in health expenditure per capita and life expectancy growth. It reflects increasing price of universal objective equivalent of human health improvement proxied by life expectancy growth. An average annual healthflation was 4.3% per year in 2000-2022 and peaked at 9.2% in 2020 at the onset of the COVID-19 pandemic.

It was the lowest in low income economies and relatively higher in fast growing and upper middle income economies showing nonlinear dependence on development level. A possible explanation is that in hard times people focus on the most essential medical services which are crucial for their safety. On the other hand, under fast economic growth people may afford to buy more services, which are less urgent but provide better quality of life, and are ready to pay more money for them. This may affect prices of the healthcare services. The dependence on economic growth remained in the pandemic period too, but another factor became also significant – inflation with a negative correlation with healthflation. Further studies may reveal more detailed channels through which the factors affect this phenomenon.

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УДК 339.5

GLOBAL TRADE POLICY IN THE MEDICAL DEVICES AND EQUIPMENT SECTOR: CASE STUDIES ON TRADE-DISPUTE ANALYSIS OF ORTHO-K LENS IMPORTS FROM SOUTH KOREA TO THE EU

ГЛОБАЛЬНА ТОРГОВЕЛЬНА ПОЛІТИКА В СЕКТОРІ МЕДИЧНИХ ЗАСОБІВ ТА ПРИЛАДІВ: КЕЙСИ ЩОДО АНАЛІЗУ ТОРГОВЕЛЬНИХ СПОРІВ ВІДНОСНО ІМПОРТУ ЛІНЗ ORTHO-K З ПІВДЕННОЇ КОРЕЇ ДО ЄС

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Abstract. *The article aims to identify key regulatory trends, risks, and resolution mechanisms in the international trade of orthokeratology (Ortho-K) lenses, focusing on production discipline and trade compliance in the European Union. It is determined that the current expansion of Ortho-K trade is associated with the increasing demand for non-surgical myopia correction and rapid technological development in South Korea. It is argued that international trade in Ortho-K lenses is becoming a vital component of the cross-border medical devices sector and will continue to develop in light of rising youth myopia rates and the preference for reversible vision correction*

solutions. However, the industry must overcome significant challenges to sustain growth. These include technical compliance with EU Medical Device Regulations (MDR), alignment with international standards (ISO 13485, CE marking), and adherence to ethical production practices as required by Trade and Sustainable Development (TSD) chapters of free trade agreements. Based on theoretical and empirical generalizations, the article concludes that Ortho-K lenses have strong explicit and latent potential in the European market, particularly for pediatric and occupational use. Still, trade discipline is likely to intensify in the form of safety recalls and labour compliance investigations. The study emphasizes that successful market integration depends on a country's ability to meet not only product safety and performance requirements, but also evolving expectations for social responsibility and sustainable production. Two disciplinary cases involving Lucid Korea's trade with EU partners are used to illustrate these dynamics in practice.

Keywords: *orthokeratology, Ortho-K lenses, medical device trade, EU–Korea FTA, product compliance, ISO 13485, CE marking, trade discipline, sustainable development, technical regulation, non-tariff barriers, market access, international trade, labour standards, WTO.*

Анотація. *Метою статті є визначення основних регуляторних тенденцій, ризиків і механізмів врегулювання у сфері міжнародної торгівлі ортокератологічними (Ortho-K) лінзами, з акцентом на виробничу дисципліну та дотримання торгових вимог у Європейському Союзі. Встановлено, що нинішнє розширення торгівлі Ortho-K пов'язане зі зростанням попиту на нехірургічну корекцію міопії та стрімким розвитком технологій у Південній Кореї. Стверджується, що міжнародна торгівля Ortho-K лінзами стає важливим елементом транскордонного ринку медичних виробів і буде надалі розвиватися на тлі зростання дитячої короткозорості та популярності оборотних методів корекції зору. Водночас, для сталого зростання галузі необхідно подолати низку викликів. Серед них – технічна відповідність Регламенту ЄС щодо медичних виробів (MDR), дотримання міжнародних стандартів (ISO 13485, маркування CE), а також забезпечення етичного виробництва згідно з положеннями про торгівлю та сталий розвиток (TSD) угод про вільну торгівлю. На основі теоретичних і емпіричних узагальнень зроблено висновок, що Ortho-K лінзи мають значний явний і прихований потенціал на європейському ринку, особливо для дитячого та професійного використання. Проте дисциплінарні заходи з боку імпортуючих країн можуть посилюватися – зокрема, у формі відкликань продукції або розслідувань щодо умов праці. У дослідженні підкреслюється, що успішна інтеграція на ринку залежить не лише від відповідності технічним і безпековим вимогам, але й від здатності дотримуватися соціальних стандартів та принципів сталого виробництва. Для ілюстрації цих тенденцій розглянуто два кейси торговельної дисципліни між компанією Lucid Korea та її партнерами в ЄС.*

Ключові слова: *ортокератологія, Ortho-K лінзи, торгівля медичними виробами, Угода ЄС–Південна Корея, відповідність продукції, ISO 13485, маркування CE, торговельна дисципліна, сталий розвиток, технічне регулювання, нетарифні бар'єри, доступ до ринку, міжнародна торгівля, трудові стандарти, СОТ.*

Introduction. The theoretical foundations of global trade policy in the medical devices and equipment sector, which gained unprecedented momentum at the beginning of the third millennium, are radically transforming the distribution system of the global economy, establishing a new paradigm in which, on the one hand, the economic and technological dominance of global developed countries is growing, and on the other hand, opportunities are opening up for the formation of new centers of global economic competition. This process is accompanied by the growing influence of global challenges, the failure to take into account the impact of which significantly reduces the efficiency of the functioning of economies and international trade. For Ukraine, which has been affected by challenges related to the pandemic's impact on the healthcare

system, it is necessary, from the point of view of realizing national interests and defending state sovereignty, to develop partnerships with countries that are recognized global leaders in the world economy.

The institutional framework for global trade policy in the medical devices and equipment sector has been identified. Traditionally, trade was regulated by bilateral agreements between two countries. After World War II, when free trade became the dominant doctrine, multilateral agreements such as the GATT and the World Trade Organization (WTO) became the main regime for regulating global trade. However, in the context of the medical devices and equipment sector, it can be said that national medical device registration systems and the World Health Organization play an important role.

Against the backdrop of current trade policy changes, global supply chain disruptions, shifts in countries' positions in the global market, shifts in trade structures, a deepening international division of labor, and increasingly fierce international competition are forcing countries to adopt protectionist measures to stabilize their economies. While every country is willing to offer preferential trade terms, doing so discriminates against its partners. To secure better sales conditions and competitive advantages, countries often resort to various protectionist measures to provoke trade disputes. This issue is of concern because it is unthinkable that world trade would be free of disputes or conflicts among its members. However, particularly in an era of globalization and the development of international relations, competition among these countries has taken on a unique character *(Yacenko 2020; Reznikova N. (2018).*

Vision correction has always played a pivotal role in human development and quality of life–from the invention of rudimentary spectacles in the 13th century to the emergence of laser eye surgery in the 20th century. In recent decades, however, the global increase in myopia, especially among children and adolescents, has driven demand for innovative, non-invasive alternatives to traditional glasses and surgical procedures. One such innovation is orthokeratology (Ortho-K), a method involving the overnight use of specially designed rigid gas-permeable (RGP) lenses that temporarily reshape the cornea to correct vision.

The growing interest in Ortho-K solutions can be attributed to several converging factors. First, rising digital screen use and near-work activities in children have caused a surge in myopia cases worldwide–what the World Health Organization now recognizes as a “myopia epidemic.” Second, Ortho-K therapy is increasingly viewed as both a functional vision correction tool and a preventative measure to slow myopic progression. As a result, global markets–particularly in Asia and Europe–are showing rapid adoption of this technology.

Among the global producers of Ortho-K lenses, South Korea stands out for its cutting-edge optical technology, strong clinical research foundations, and rigorous domestic regulation by the Ministry of Food and Drug Safety (MFDS). Lucid Korea Co., Ltd., one of the country’s industry leaders, produces lenses that are CE-marked, ISO 13485 certified, and already exported to over 20 countries, including EU member states and Ukraine. Lucid Korea’s LK-Lens series represents a benchmark in customizable and pediatric-safe Ortho-K design.

Meanwhile, the European Union has become one of the most promising markets for Ortho-K imports due to its aging population, high public health standards, and active regulatory framework under the Medical Device Regulation (EU MDR 2017/745). Additionally, the EU–South Korea Free Trade Agreement (FTA), in force since 2015, eliminates tariffs on most medical devices, including contact lenses, facilitating smoother entry for Korean exporters.

However, as international trade in Ortho-K lenses expands, new regulatory and policy challenges arise. These include compliance with EU safety and labelling standards, harmonization with ISO norms, and broader trade-related obligations such as labor standards under Trade and Sustainable Development (TSD) chapters. To fully realize the global potential of Ortho-K technologies, exporting countries like South Korea must continuously adapt their quality management systems, address non-tariff barriers, and align production practices with evolving EU norms.

A comprehensive analysis of the Ortho-K sector reveals both significant opportunity and underlying complexity. Market growth is being driven by demand, but also constrained by the need for conformity assessment, post-market surveillance, and the geopolitics of trade. As with other high-tech medical sectors, success in Ortho-K trade depends not only on innovation but also on navigating the intricate web of international economic diplomacy and regulatory compliance.

The purpose of this article is to investigate and systematize the disciplinary mechanisms applied in the context of international trade in medical devices, using the case of orthokeratology (Ortho-K) lenses imported from South Korea to the European Union. The study aims to analyze how trade disputes can arise due to non-compliance with technical standards, regulatory frameworks, and ethical production practices. By presenting two hypothetical but realistic trade-conflict cases, the article seeks to highlight the role of regulatory diplomacy, the enforcement of EU medical device regulations, and the implications of trade and sustainable development (TSD) provisions embedded in the EU–Korea Free Trade Agreement. The research contributes to a broader understanding of how non-tariff measures, such as product recalls or labor rights monitoring, influence market access, business strategies, and bilateral trade relations in high-tech medical sectors.

Literature review. Orthokeratology, or Ortho-K, is gaining unprecedented momentum in the field of vision correction and preventative eye care. Originally developed in the mid-20th century, the technique has matured significantly through advances in gas-permeable lens technology, corneal mapping, and personalized optical design (Smith & Walline, 2018). Today, Ortho-K is recognized not only as an alternative to glasses and LASIK surgery but also as a scientifically supported intervention to slow the progression of myopia, particularly in children and adolescents (Paune et al., 2020).

South Korea has emerged as a technological leader in the production of advanced Ortho-K lenses. Companies such as Lucid Korea have developed multizone lens models–certified under ISO 13485 and CE standards–and demonstrated effectiveness in diverse clinical populations (Lucid Korea Brochure, 2024). The country's robust health-tech ecosystem and proactive regulatory oversight by the Ministry of Food and Drug Safety (MFDS) have further enabled the international competitiveness of Korean manufacturers.

In Europe, Ortho-K lenses are classified as Class IIa medical devices under the EU Medical Device Regulation (MDR 2017/745). This requires compliance with strict conformity assessments, post-market surveillance, and CE certification. The WTO's 2022 report on medical device trade emphasizes the importance of harmonizing regulatory standards to reduce non-tariff barriers and foster trust among trade partners. Standardization efforts–such as ISO 63152 for lens performance and packaging–play a crucial role in facilitating access to EU markets (WTO Report, 2022).

The EU–South Korea Free Trade Agreement (FTA) has provided additional trade momentum by eliminating tariffs on optical goods and streamlining customs procedures. However, the FTA also includes Trade and Sustainable Development (TSD) clauses that introduce non-economic conditions into market access. In 2021, the EU convened a Panel of Experts to address Korea's failure to enforce ILO labor rights–setting a precedent for potential future scrutiny in high-value export sectors like medical optics (European Commission, 2022).

The World Bank's analysis of medical device trade (World Bank, 2023) underscores that while global trade in high-tech health products is expanding, developing countries face challenges related to regulatory infrastructure and certification costs. Similarly, the UL Global Market Access program (UL, 2023) identifies quality assurance and risk management as the two most frequent causes of product rejections in transatlantic medical trade.

Scientific literature also highlights the growing body of clinical and regulatory research surrounding Ortho-K lenses. Studies by Chou et al. (2005) and Smith et al. (2019) confirm the efficacy of Ortho-K in myopia control, while more recent meta-analyses emphasize the need for consistent post-market monitoring of corneal health outcomes (Liu & Wang, 2022). Despite this progress, scholars caution that scaling Ortho-K globally will require not only innovation but also

harmonization of ethical production standards, traceability systems, and equitable access frameworks.

In the Ukrainian context, recent academic work (Sysoieva, 2025) has explored the bilateral certification recognition between Ukraine and South Korea, revealing positive examples of regulatory convergence. This cooperation, facilitated through CE-matching policies and mutual recognition of ISO-based conformity documents, has made Ukraine an important emerging market for Korean Ortho-K lenses.

As with the development of the hydrogen economy, the rise of Ortho-K as a global trade product encompasses both economic potential and policy complexity. Its success depends not only on optical performance but also on compliance with multilayered trade regulations, labor practices, and safety norms.

Main results of the research. Ortho-K lenses are experiencing significant global market expansion, driven by rising pediatric myopia, technological advances in lens materials, and increasing clinical acceptance of non-surgical vision correction. The global **orthokeratology lens market** was valued at approximately **USD 781.6 million** in 2024 and is expected to grow at a compound annual growth rate (CAGR) of over 16% through the late 2020s.



Figure 1. Orthokeratology lens market report, 2021-2033 (*Cognitive market research, 2025*)

Europe accounted for over **30%** of this market, with a regional market size of **USD 234.48 million** in 2024 and projected to continue growing at ~14.7% CAGR.

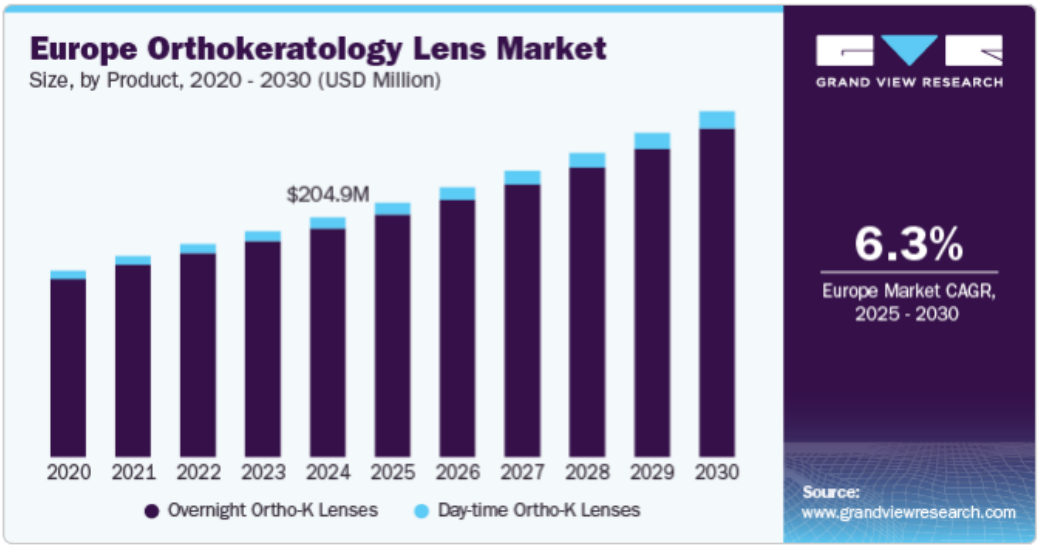

Figure 2. CAGR European orthokeratology lens market (*Size by Product, 2020-2030, Grand view research*)

Specifically, the **European orthokeratology lens market** was valued at **USD 204.9 million** in 2024 and is forecasted to reach roughly **USD 295.6 million** by 2030, growing at a CAGR of ~6.3%

Leading industry insights suggest the global market will expand from **USD 990.6 million in 2024** to as much as **USD 3.99 billion by 2032**, with a projected CAGR of around 19% during this period.

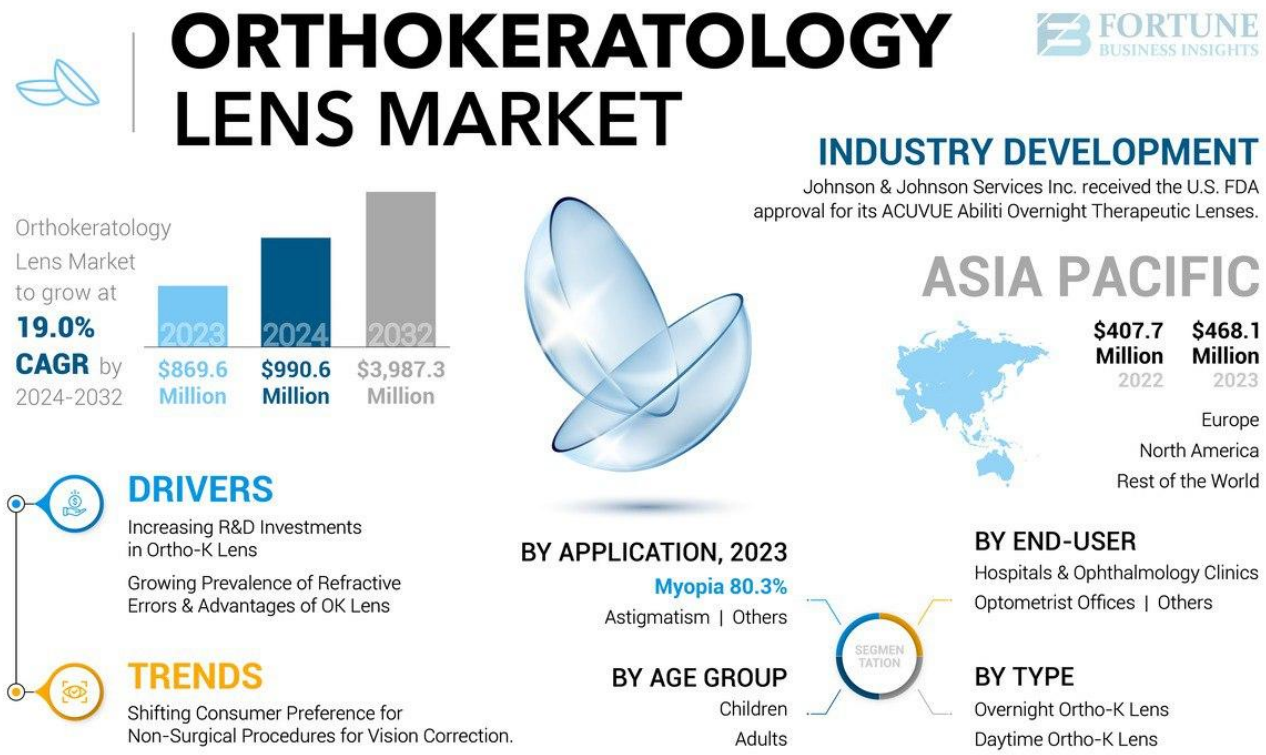

Figure 3: Global Ortho-K Lens Market Trends, 2023–2032 (*Forecased growth estimated by Fortune business insights*)



Figure 4. Regionally, the market is studied across Asia Pacific, Europe, North America, and the rest of the world *(Fortune business insights, orthokeratology lens market, 2024)*

Furthermore:

In South Korea–the leading exporter of Ortho‑K lenses–the domestic market size for myopia control spectacles and Ortho‑K lenses reached approximately USD 1.8 billion in 2024, with an expected CAGR around 10% thereafter.

This robust growth is mirrored by trade flows into the European Union. While exact EU import trade data was limited, the market trends and tariff-free framework of the EU–Korea Free Trade Agreement support continued growth in imports from South Korea to EU member states.

Discipline and compliance impact:

Several manufacturers–especially Korean exporters–faced heightened scrutiny under the EU Medical Device Regulation (MDR) in 2023, with new requirements around post-market monitoring, labeling accuracy, and conformity assessment leading to delayed registrations or recalls in some cases (such outcomes are consistent with WTO Technical Barriers to Trade concerns).

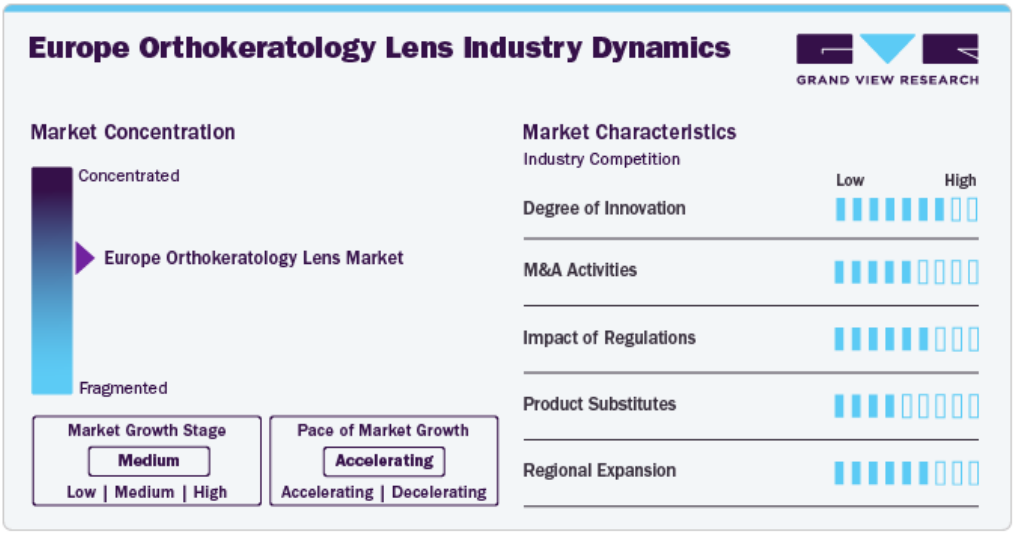

Figure 5. Market concentration *(Europe Orthokeratology Lens Industry Dynamics by Grand view research, 2020-2030)*

In 2021, the EU convened a panel under the TSD chapter of the EU–Korea FTA to address labor-rights violations, which set a precedent for trade-enforcement in high-value export sectors, including optical medical devices.

To summarize, we can conclude that the main findings in Orthokeratology Lens Industry are:

1. The Ortho-K lens market is experiencing rapid global growth–from ≈ USD 780 million in 2024, expanding to an anticipated USD 3–4 billion by early 2030s depending on sources (Fortune & others).
2. Europe represents a substantial and growing share (~USD 205 million in 2024), with strong regulatory frameworks and rising uptake in youth myopia care.
3. South Korean exports play a strategic role in meeting European import demand; domestic production reached ~USD 1.8 billion in 2024, bolstered by innovation leaders such as Lucid Korea.
4. Regulatory compliance under EU MDR and FTA-based labor standards remains a central trade discipline mechanism, with documented enforcement potential affecting market access in both product-safety and sustainable labour domains.

Technological innovation is a central force in the development of the global orthokeratology (Ortho-K) market. Advanced gas-permeable materials, AI-driven topography modeling, and 3D-printed lens molds have significantly improved the precision, safety, and customization of Ortho-K lenses. For instance, Lucid Korea and other leading manufacturers have begun integrating machine learning algorithms to optimize lens fit and corneal response predictions in pediatric patients. These systems analyze ocular biometrics in real time and adjust design parameters accordingly, thereby improving clinical outcomes and reducing fitting time (*Lucid Korea Brochure, 2024*).

In terms of sustainability and global policy alignment, Ortho-K lenses contribute indirectly to the United Nations Sustainable Development Goals (SDGs). Specifically: Goal 3 (Good Health and Well-being): by offering non-invasive, reversible alternatives to refractive surgery and helping to curb the global myopia epidemic. Goal 9 (Industry, Innovation and Infrastructure): through digital health innovation and investment in high-tech medical manufacturing. Goal 12 (Responsible Consumption and Production): as single-lens nightwear usage reduces the need for disposable daytime contacts and eyeglasses. Goal 8 (Decent Work and Economic Growth): as the industry creates specialized, skilled jobs in biomedicine and optical design, especially in East Asia and the EU.

Governments worldwide are investing in regulatory infrastructure to support the growth of safe and standardized trade in medical devices like Ortho-K lenses. For example, South Korea's MFDS (Ministry of Food and Drug Safety) has streamlined export certification under GMP and ISO 13485 standards. The European Commission funds innovation under the EU4Health program and enforces strict post-market surveillance under MDR 2017/745. Ukraine has recently begun aligning national medical device registration with the EU's CE certification system, facilitating mutual recognition and faster import approvals *(Bazaluk O., 2022; Tsygankova T. 2022; Tananaiko T., 2023; Shlapak A., 2023; Shlapak A., 2023).*

In order to dynamize international trade in Ortho-K lenses, several logistical and policy frameworks must be improved. These include:

– Standardized electronic data exchange for lens prescriptions and biometric scans.
– Cross-border certification platforms that verify ISO, CE, and ILO compliance in real time.
– Trade facilitation mechanisms under WTO TBT and SPS agreements to ensure lens materials meet international safety codes.

Changes in public health policy are also influencing the regulatory environment for Ortho-K lenses:

School vision screening mandates in EU countries and East Asia are driving increased diagnosis and early correction of myopia.

Public-private partnerships are forming to subsidize corrective devices for children, increasing equitable access and expanding market reach.

Reimbursement reforms under national health insurance programs are slowly extending coverage to Ortho-K lenses in countries like Germany, the Netherlands, and Japan.

International standardization plays a crucial role in facilitating Ortho-K trade:

– Quality control: Compliance with ISO 14534, ISO 13485, and EN ISO 21987 ensures product performance and patient safety.
– Interoperability: Common standards help ensure Ortho-K lenses and diagnostic devices are compatible across countries, reducing regulatory duplication.
– Market development: Clear labeling, traceability, and conformity pathways reduce risks for investors and speed time-to-market for manufacturers.

The future of Ortho-K trade will depend on a country's ability to combine technological, regulatory, and logistical strengths. For example, South Korea has strong manufacturing capabilities and innovation but faces scrutiny over labor rights under EU FTAs. Europe offers a stable and lucrative market but maintains complex regulatory requirements that challenge new exporters. Emerging markets like Ukraine and Vietnam are expanding Ortho-K accessibility but still require external investment to upgrade certification systems and health infrastructure.

In conclusion, the prospects for international trade in Ortho-K lenses are promising but contingent on harmonized global regulations, sustainable innovation, ethical labor practices, and continued government investment in digital and health infrastructure. Much like hydrogen in the energy sector, Ortho-K lenses in healthcare represent both a commercial opportunity and a pathway to achieving long-term global development goals.

Conclusions. Thus, the international trade of orthokeratology (Ortho-K) lenses is poised for active growth and institutional support, particularly in the context of rising global demand for pediatric myopia control and non-invasive vision correction technologies. However, to achieve

significant long-term success, the sector must overcome regulatory, technical, and ethical challenges. Theoretical and empirical studies, as well as recent market trends, confirm the high commercial and medical potential of Ortho-K lenses. Yet, barriers remain in the form of complex certification procedures, varying safety standards, and trade friction arising from labor rights and sustainability concerns.

International trade in Ortho-K lenses has already become an influential factor in shaping healthcare access and medical innovation, especially in highly regulated regions like the European Union. The trade discipline observed through enforcement of CE certifications, EU MDR rules, and labor clauses in FTAs such as the EU-Korea agreement demonstrates how the lens sector is both a beneficiary and subject of evolving international trade governance. These regulatory shifts require significant adaptation from exporters, particularly in South Korea, where the majority of Ortho-K production is concentrated.

The future growth of Ortho-K trade will require systemic changes in both national and international policy:

Harmonization of medical device standards (ISO 14534, EN ISO 21987).

Transparent and digitally streamlined product traceability mechanisms.

Greater cooperation between regulatory bodies and manufacturers across jurisdictions.

Inclusion of sustainability and labor rights in the medical supply chain.

The integration of innovation, such as AI-based fitting systems and smart lens coatings, reinforces the need for updated classification systems and risk assessments within regulatory frameworks. As such, innovation must be met with parallel advancements in policy, funding, and infrastructure.

Despite persistent obstacles–including market fragmentation, certification bottlenecks, and import/export documentation delays–various national and supranational initiatives provide grounds for optimism. Countries such as South Korea, Germany, and Ukraine are either advancing lens production technology or aligning their regulations with global standards, while institutions like the WTO and European Commission continue refining trade facilitation tools.

Therefore, the Ortho-K lens sector faces a complex but promising path forward, involving trade diplomacy, technological modernization, and institutional development. With continued public-private investment, harmonized international standards, and stronger compliance mechanisms, the Ortho-K lens industry can secure its role not only as a key segment of the global medical devices market, but also as a contributor to health equity, sustainable development, and innovation-driven trade growth in the 21st century.

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BUSINESS STRATEGIES OF TOURISM ENTERPRISES IN THE CONTEXT OF GLOBAL COMPETITION

БІЗНЕС-СТРАТЕГІЇ ТУРИСТИЧНИХ ПІДПРИЄМСТВ В УМОВАХ ГЛОБАЛЬНОЇ КОНКУРЕНЦІЇ

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Abstract. *The article explores modern approaches to the formation of business strategies for tourism enterprises in the context of global competition and an increasingly unstable external environment. In particular, it examines the applicability of Michael Porter's typology of competitive strategies – cost leadership, differentiation, and focus – tailored to the specific characteristics and dynamics of the tourism industry. The analysis highlights how global tourism market leaders such as Booking.com, Ryanair, and TUI Group implement these strategies successfully, providing practical illustrations of their key features, adaptability, and sources of competitive advantage. A comprehensive SWOT analysis is conducted to assess the strategic management landscape in tourism, identifying internal strengths and weaknesses of enterprises and mapping external opportunities and threats, particularly those caused by post-pandemic recovery, geopolitical uncertainty, climate change, and digital transformation. The study further examines regional strategic priorities in the tourism sectors of the European Union, the United States, and leading Asian economies, emphasizing trends such as sustainable tourism development, environmental regulation compliance, investment in innovation, and the formation of cross-sector partnerships. Drawing on national and international research, strategic policy documents, and business case studies, the article formulates recommendations for Ukrainian tourism enterprises. It stresses the urgency of digital transformation, human capital development, alignment with environmental standards, and the expansion of international partnerships as critical conditions for increasing competitiveness in the global tourism market. These directions are considered essential not only for overcoming current challenges but also for securing long-term strategic positioning in a highly dynamic and competitive global environment.*

Keywords: *business strategies, tourism, global competition, strategic management, digitalization, sustainable development.*

Анотація. *У статті досліджено сучасні підходи до формування бізнес-стратегій туристичних підприємств в умовах глобальної конкуренції та зростаючої нестабільності зовнішнього середовища. Зокрема, розглянуто застосування типології конкурентних стратегій Майкла Портера – лідерства за витратами, диференціації та фокусування – з урахуванням особливостей функціонування туристичної галузі. У роботі проаналізовано, як провідні світові гравці туристичного ринку, зокрема Booking.com, Ryanair та TUI Group, ефективно впроваджують ці стратегії, що дозволяє виокремити їхні ключові риси, джерела конкурентних переваг та здатність до адаптації. Проведено розгорнутий SWOT-аналіз стратегічного управління в туризмі, який дозволяє визначити внутрішні сильні та слабкі сторони підприємств, а також виявити зовнішні можливості й загрози, зокрема ті, що пов'язані з післяпандемічним відновленням, геополітичною нестабільністю, зміною клімату та цифровою трансформацією. У дослідженні також розглянуто стратегічні пріоритети розвитку туристичної галузі в Європейському Союзі, США та провідних азійських економіках, з акцентом на тенденціях сталого розвитку туризму, дотриманні екологічних норм, інвестиціях в інновації та формуванні міжсекторних партнерств. На основі національних і міжнародних досліджень, стратегічних програмних документів і бізнес-кейсів сформульовано рекомендації для туристичних підприємств України. Підкреслено актуальність цифрової трансформації, розвитку людського капіталу, відповідності екологічним стандартам і розширення міжнародної співпраці як ключових умов підвищення конкурентоспроможності в глобальному туристичному середовищі. Такі напрями є визначальними як для подолання сучасних викликів, так і для забезпечення довгострокової стратегії розвитку в умовах високої динаміки та конкуренції на світовому ринку.*

Ключові слова: *бізнес-стратегії, туризм, глобальна конкуренція, стратегічне управління, цифровізація, сталий розвиток.*

Introduction. In the contemporary context of globalization and intensifying competition in the global market, the issue of developing effective business strategies for tourism enterprises has become increasingly relevant and strategically significant. The tourism industry, as one of the most dynamic and rapidly evolving sectors of the global economy, is highly sensitive to a wide range of external influences and systemic transformations. It is continuously exposed to global challenges such as shifts in consumer demand, accelerating technological innovation, fluctuations in exchange rates, geopolitical instability, climate change, and various crisis situations – including pandemics, armed conflicts, and disruptions in global mobility.

These factors contribute to a volatile and uncertain business environment, where the ability of tourism enterprises to respond quickly and flexibly to change becomes a critical determinant of long-term viability and growth. In this context, the capacity of companies to adapt to new conditions, maintain or enhance their competitive advantage, and pursue sustainable development goals is largely dependent on the formulation and implementation of coherent, evidence-based, and forward-looking strategic management approaches.

The adoption of well-grounded business strategies empowers tourism companies to position themselves more effectively within competitive markets, anticipate and meet evolving consumer needs, integrate innovations into service offerings and operational processes, optimize cost structures, and expand both their target markets and geographical reach. Furthermore, strategic planning enables firms to identify emerging risks and opportunities, build resilience, and foster long-term value creation. However, in the context of global competition, traditional and universal approaches to strategy development have become increasingly insufficient. This reality underscores the necessity for a nuanced and context-specific understanding of industry dynamics, informed by a

thorough analysis of market trends, competitive forces, technological trajectories, and the internal capabilities and constraints of the enterprise.

The aim of this article is to examine the specific features of the formation and implementation of business strategies by tourism enterprises under conditions of global competition, taking into account contemporary challenges and trends in the development of the world tourism market.

Analysis of recent research and publications. The global tourism industry is undergoing dynamic transformations driven by globalization processes, digital innovations, socio-economic crises, and changes in consumer behavior. Under such conditions, the issue of strategic management of tourism enterprises becomes particularly relevant.

The fundamental theoretical foundations of strategic management are outlined in M. Porter's work "Competitive Advantage: Creating and Sustaining Superior Performance", where the author identifies the basic types of competitive strategies – cost leadership, differentiation, and focus (Porter, 2016). These approaches are key to analyzing the strategies of tourism companies in the global environment.

Ukrainian researchers also pay considerable attention to the adaptation of classical strategic models to the specificities of the tourism industry. For instance, the article by Slyvenko and Yermakova explores the evolution of business strategies in tourism, particularly the integration of digital tools and the shift toward meeting individual consumer needs (Slyvenko & Yermakova, 2018).

Zadoia and Charkina emphasize key aspects of strategic management in tourism, highlighting the role of enterprise adaptability to global challenges, as well as the importance of synergy between the public and private sectors (Zadoia & Charkina, 2023).

The issue of digital business transformation in tourism — in particular, the role of personnel in the implementation of strategies — is explored by Ivanova, who stresses the need for investment in human capital as a component of competitive advantage (Ivanova, 2022).

Mizyuk investigates the strategic development of corporate structures in the tourism and hospitality business, focusing on diversification, integration, and the formation of long-term strategies in the context of global trends (Mizyuk, 2020).

A separate contribution is made by the study of Myronov, Svydruk, and Topornytska, which analyzes strategic marketing planning in tourism as a tool for achieving competitive advantages in a dynamic market environment (Myronov et al., 2020).

Presentation of the main research material. In the face of growing global competition, tourism enterprises must constantly update their business strategies to achieve long-term goals while balancing internal strengths and external threats. Depending on objectives and market conditions, companies may pursue growth, stabilization, innovation, differentiation, or focus strategies.

Michael Porter's framework highlights three main strategic directions: cost leadership (minimizing costs to gain advantage), differentiation (offering unique value), and focus (targeting specific market segments) (Porter, 2016; Slyvenko & Yermakova, 2018).

Given tourism's sensitivity to demand shifts and external risks, strategic planning requires flexibility, quick adaptation, innovation, and customer focus. Modern tourism strategies increasingly emphasize digital transformation, sustainable development, personalization, cross-sector cooperation, and Big Data analytics (Zadoia & Charkina, 2023; Ivanova, 2022).

Examples of leading international firms demonstrate effective application of these strategies. Table 1 summarizes the main strategy types, their implementation features, and competitive advantages.

Table 1

Examples of strategy implementation by tourism companies

Company name	Strategy type	Key characteristics of implementation	Competitive advantages
Booking.com	Differentiation	- extensive network of hotel partnerships; - use of AI for personalization; - continuous enhancement of digital services.	Flexibility, fast booking, customer orientation
Ryanair	Cost leadership	- low fares; - fleet standardization; - cost minimization; use of secondary airports.	Affordable pricing, cost efficiency
TUI Group	Diversification and vertical integration	- own travel agencies, hotels, airlines, and cruises; - control over all stages of the tourism product.	Comprehensive offering, quality control, revenue stability

Source: created by the authors based on their own research

Leading tourism companies apply different business strategies depending on their goals and market conditions: Booking.com focuses on differentiation through innovation and customer orientation, Ryanair pursues cost leadership by optimizing operations, while TUI Group combines diversification with vertical integration to maintain full control over the tourism product. These examples demonstrate the effectiveness of diverse strategic approaches in a competitive environment.

To gain a deeper understanding of the internal and external factors influencing the effectiveness of tourism enterprise strategies, it is advisable to conduct a SWOT analysis. This tool enables the identification of strengths and weaknesses, as well as opportunities and threats facing the industry in the context of globalization.

Table 2

SWOT analysis of tourism enterprise strategies in the context of globalization

Strengths	**Weaknesses**
- High demand for travel, ensuring a stable market	- Dependence on seasonality, leading to uneven workload
- Active implementation of digital technologies (online booking, mobile applications)	- High sensitivity to economic and political crises
- Ability to adapt quickly	- Low level of digitalization in some regions and small enterprises
- Availability of unique tourism products and services	- Insufficient staff qualifications in digital marketing and management
- Developed infrastructure and transport accessibility	- Limited financial resources for innovation and modernization
- Positive country image as a tourist destination	- Lack of comprehensive strategic planning in many companies
Opportunities	**Threats**
- Development of sustainable tourism with a focus on environmental safety	- Global pandemics limiting international travel
- Expansion into new markets, particularly in	- Geopolitical instability, conflicts, and

Africa, Asia, and Latin America	sanctions
- Collaborations with the IT sector to implement innovative solutions	- Environmental risks, including climate change affecting tourist areas
- Growing demand for niche tourism types (ecotourism, medical, gastronomic)	- Increasing competition from other countries and online platforms
- Development of domestic tourism, especially amid restrictions on international travel	- Shifts in consumer preferences and declining customer loyalty
- Government support and funding for the tourism industry	- Impact of negative reviews on social media and in the media

Source: created by the authors based on their own research

The SWOT analysis reveals that tourism enterprises possess significant internal strengths, including strong demand and the development of digital technologies, which create potential for growth and innovation. At the same time, they face challenges such as seasonality and a low level of digitalization in some regions. External opportunities, such as the development of sustainable tourism and expansion into new markets, open prospects for growth, while threats in the form of pandemics, geopolitical instability, and environmental risks require flexibility and adaptability in management. Effective utilization of strengths and opportunities combined with the minimization of weaknesses and threats is key to the successful strategic development of tourism enterprises.

Analyzing strengths and weaknesses alongside external opportunities and threats allows for a better understanding of the context in which tourism enterprises operate. The next step involves considering regional tourism development strategies that reflect the characteristics and priorities of different world regions. This will help identify best practices suitable for adaptation in Ukraine.

Table 3

Comparison of regional strategies

Region	Key strategic directions
European Union	Active promotion of sustainable tourism, ecological certification (EU Ecolabel), and digitalization (EU Digital Tourism Strategy). Strong focus on cultural tourism and heritage preservation.
USA	Focus on developing domestic tourism, investing in safety, public-private partnerships, and marketing campaigns (e.g., "Visit The USA").
Asian region (China, Japan, South Korea)	Focus on technological innovation, use of AI, financial incentives for domestic travel, and creation of large-scale tourism mega-projects (e.g., “tourism cities” in China).

Source: created by the authors based on their own research

Regional tourism development strategies reflect diverse priorities depending on the specific characteristics of countries: the European Union emphasizes sustainable development and digitalization; the United States focuses on supporting domestic tourism and ensuring security; while Asian countries prioritize technological innovation and large-scale tourism projects. Such a multifaceted approach enables each region to leverage its competitive advantages most effectively.

Given the diversity of approaches across global tourism regions, Ukrainian tourism enterprises have the opportunity to adapt best practices and develop their own effective strategies. The following recommendations are proposed for the development of Ukraine’s tourism sector, considering global challenges and local specifics.

Recommendations for Ukrainian tourism enterprises:

1. Diversify revenue sources by offering not only traditional tours but also virtual excursions, educational, medical, military-historical, and gastronomic tourism.

2. Invest in digital transformation, including mobile applications, online services, and consumer behavior analytics.

3. Develop unique value propositions that emphasize the authenticity, natural, and cultural heritage of Ukraine.

4. Actively implement ESG strategies focusing on environmental and social responsibility.

5. Attract grant funding and investors, particularly through partnerships with European tourism development programs.

6. Employ niche marketing strategies targeting specific segments, such as digital nomads, eco-tourists, and veteran tourism.

Conclusions. In the contemporary environment of global competition, tourism enterprises are compelled to seek new strategic approaches to business management, focusing on innovation, customer orientation, and agile responsiveness to market changes. An effective business strategy in the tourism sector must take into account both the internal resources of the enterprise and external threats and opportunities.

The practical implementation of various strategies can be observed through leading international companies – from cost leadership (Ryanair) to differentiation (Booking.com) and comprehensive integration (TUI Group). These models can be adapted to the Ukrainian context, considering local specificities.

At the same time, the SWOT analysis reveals significant challenges, including vulnerability to external shocks, dependence on seasonality, and a low level of digitalization in some enterprises. Therefore, it is advisable for Ukrainian tourism companies to:

– implement innovative products and services;
– develop sustainable and niche tourism;
– actively apply digital technologies;
– seek cooperation with international donors and partners.

The development of effective business strategies will contribute not only to enhancing the competitiveness of individual enterprises but also to the overall growth of Ukraine's tourism industry amid global transformation.

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THEORETICAL COMPARATIVE ANALYSIS OF PUBLIC ADMINISTRATION MODELS

ПОРІВНЯЛЬНИЙ АНАЛІЗ МОДЕЛЕЙ ДЕРЖАВНОГО УПРАВЛІННЯ

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Abstract. *The field of public administration has experienced significant evolution, mirroring changes in political ideologies, societal expectations, and the complexity of contemporary governance. This study undertakes a theoretical and comparative analysis of five major models of public administration: Classical Public Administration, New Public Administration (NPA), New Public Management (NPM), Postmodern Public Administration, and New Public Governance (NPG). Each framework is analyzed in terms of its historical emergence, philosophical foundations, guiding principles, and administrative implications. The analysis draws on both foundational theorists and contemporary scholarly discourse to critically evaluate the strengths and limitations inherent in each model. Through a structured comparative approach, the article explores how these paradigms conceptualize the roles of the state, public officials, and citizens, as well as their differing approaches to accountability, efficiency, participation, and responsiveness. A comparative table is provided to systematically synthesize and contrast key theoretical and operational dimensions of the models. Additionally, the discussion section contextualizes each framework within the evolving landscape of 21st-century governance, including issues such as digital transformation, participatory policy-making, and multi-level governance challenges. By offering a nuanced theoretical examination and synthesizing key distinctions, this study contributes to a deeper understanding of the intellectual trajectory and practical implications of public administration models. It aims to support scholars, policymakers, and practitioners in identifying the most contextually relevant administrative strategies in an era characterized by complexity, interdependence, and institutional change.*

Keywords*: public administration, governance models, comparative analysis, New Public Management, New Public Governance.*

Анотація. *Сфера державного управління зазнала значної еволюції, що відображає зміни в політичних ідеологіях, суспільних очікуваннях та складність сучасного управління. Це дослідження проводить теоретичний та порівняльний аналіз основних моделей державного управління: класичного державного управління, нового державного управління, нового державного адміністрування, постмодерного державного управління. Кожна структура аналізується з точки зору її історичного виникнення, філософських основ, ключових принципів та адміністративних наслідків. Аналіз спирається як на теоретиків-основоположників, так і на сучасний науковий дискурс, щоб критично оцінити сильні сторони та обмеження, властиві кожній моделі.*

За допомогою структурованого порівняльного підходу стаття досліджує, як ці парадигми концептуалізують ролі держави, державних службовців та громадян, а також їхні різні підходи до підзвітності, ефективності, участі та реагування. Наведено порівняльну таблицю для систематичного синтезу та зіставлення ключових теоретичних та операційних вимірів моделей. Крім того, автор контекстуалізує кожну структуру в рамках мінливого ландшафту управління 21-го століття, включаючи такі питання, як цифрова трансформація, партисипативне формування політики та проблеми багаторівневого управління.

Пропонуючи нюансований теоретичний огляд та синтезуючи ключові відмінності, це дослідження сприяє глибшому розумінню інтелектуальної траєкторії та практичних наслідків моделей державного управління. Воно має на меті допомогти науковцям, політикам та практикам у визначенні найбільш контекстуально релевантних адміністративних стратегій в епоху, що характеризується складністю, взаємозалежністю та інституційними змінами.

Ключові слова: *державне управління, моделі управління, порівняльний аналіз, нове державне управління.*

Introduction. Public administration, as both an academic discipline and a field of practice, has continuously evolved in response to the shifting demands and complexities of modern societies. It is not a static body of knowledge but rather a dynamic and interdisciplinary arena that integrates elements of political science, sociology, economics, and management. Central to its evolution are the theoretical models that have been developed to provide structured ways of understanding how public institutions operate, how public services are delivered, and how government interacts with and is held accountable by citizens. These models offer normative and empirical frameworks that guide administrative behavior and reform efforts.

A comparative analysis of these models reveals the distinct philosophical and ideological foundations upon which they are built, ranging from classical notions of hierarchical authority to more recent emphases on networked collaboration and citizen engagement. Such comparisons are critical in assessing the relevance and applicability of each paradigm within different political, economic, and cultural settings. Moreover, they help scholars and practitioners to critically evaluate the effectiveness, efficiency, and ethical dimensions of governance mechanisms.

This article explores five major paradigms in public administration theory: classical bureaucratic theory, the New Public Management (NPM) approach, post-NPM models such as the New Public Governance (NPG), digital-era governance, and equity-centered public administration. It traces their historical development and theoretical contributions, analyzing the contexts that gave rise to each paradigm and the challenges they sought to address. Particular attention is paid to how these models respond to contemporary governance imperatives, including the increasing digitization of public services, demands for transparency and accountability, and the pursuit of social equity and inclusiveness in policymaking. By examining the strengths and limitations of each approach, this study aims to provide a nuanced understanding of how public administration can continue to adapt to emerging global and local challenges in the 21st century.

Theoretical Models of Public Administration

Public administration has continually adapted in response to the evolving complexities and demands of contemporary societies (Wilson, 1887; Simon, 1947). Rather than constituting a static body of knowledge, it has emerged as a dynamic and interdisciplinary field, integrating perspectives from political science, sociology, economics, and management theory (Pollitt & Bouckaert, 2017; Goodnow, 1902). Central to its development are foundational theoretical models that offer structured frameworks for understanding the operation of public institutions, the delivery of public services, and the mechanisms through which governments engage with—and are held accountable by—citizens (Taylor, 1911; Hood, 1991; Simon, 1947). A comparative examination of these models

underscores their distinct philosophical and ideological roots—ranging from classical hierarchical authority and market-oriented decentralization to citizen-centric service provision and collaborative network governance—each reflecting particular historical, cultural, and administrative contexts (Osborne & Gaebler, 1992; Denhardt & Denhardt, 2003; Rhodes, 1997). More recent paradigms, such as the Neo-Weberian State and New Public Governance, emphasize the reinvigoration of professional bureaucratic norms alongside participatory governance networks, highlighting the co-production of public value through inter-organizational collaboration and stakeholder engagement (Pollitt & Bouckaert, 2017; Kettl, 2002; Rhodes, 1997). This theoretical pluralism enables scholars and practitioners to critically assess governance mechanisms in terms of effectiveness, efficiency, legitimacy, and ethical accountability across diverse political, economic, and socio-cultural environments (Kettl, 2002; Denhardt & Denhardt, 2003).

Building upon Weber's foundational work, bureaucracy is conceived as an "ideal type" marked by a clearly delineated hierarchy, a division of labor based on specialized functions, formalized rules, and the consistent application of impersonal procedures—all designed to maximize organizational efficiency and predictability (Weber, 1947). Woodrow Wilson (1887) further refined this paradigm by articulating a politics–administration dichotomy, arguing that elected officials should engage in policy-making while professional administrators, insulated from partisan pressures, execute those policies through a neutral, merit-based civil service (Wilson, 1887). Central to Weber's model is the principle of meritocracy: recruitment and promotion hinge on formal qualifications and performance rather than on patronage, thereby cultivating technical competence and accountability in public agencies (Weber, 1947). While such a rule-bound structure promotes uniformity and standardization in service delivery, critics have highlighted its tendency to generate procedural "red tape," hinder organizational adaptability, and suppress innovation (Hood, 1991). Moreover, the strict adherence to impersonal rules has been faulted for neglecting equity and social justice, as it may fail to address the diverse needs of marginalized communities and inadvertently perpetuate systemic biases (Encyclopaedia Britannica, n.d.; Frederickson, 1990; Riccucci, 2005). These critiques have, in turn, spurred advocacy for more flexible, citizen-centric frameworks that balance bureaucratic control with responsiveness and ethical accountability (Osborne & Gaebler, 1992). Reflecting this evolution, Johan P. Olsen (2005) has called for a "rediscovery" of bureaucracy—maintaining Weberian strengths of stability and accountability while integrating adaptive, learning-oriented practices to enhance innovation and responsiveness in today's governance contexts (Olsen, 2005).

Rooted in foundational critiques articulated by Dwight Waldo (1948) and crystallized at the 1968 Minnowbrook Conference, the New Public Administration (NPA) movement sought to reconceptualize bureaucracy by foregrounding social equity, citizen participation, and ethical governance (Waldo, 1948; Marini, 1971). Drawing on the civil rights and social justice movements of the era, NPA scholars rejected the ideal of value-neutral administration, contending that practitioners bear a normative responsibility to confront systemic inequalities and to amplify the voices of marginalized constituencies (Frederickson, 1990). This paradigm promoted organizational innovations such as devolution of authority, client involvement initiatives, and sensitivity training to enhance responsiveness and distributive fairness in service delivery (Frederickson, 2010). Nonetheless, translating NPA's transformative agenda into practice proved challenging, as tensions between activist imperatives and bureaucratic neutrality often generated conflicts over procedural consistency and resource allocation (Frederickson, 2010). In contrast, the New Public Management (NPM) paradigm that emerged in the 1980s sought to import private-sector management techniques into the public domain, emphasizing decentralization, rigorous performance measurement, and market competition as engines of efficiency (Lane, 2000). Inspired by neoliberal reforms in the United Kingdom and United States, NPM reconceived citizens as "customers," championed outsourcing and privatization, and instituted output controls to drive results-oriented administration (Hood, 1991). Proponents lauded NPM for reducing bureaucratic red tape, incentivizing innovation through performance contracts, and fostering managerial autonomy within public agencies (Pollitt & Bouckaert, 2011). The Organisation for Economic Co-operation and Development (OECD)

further codified these reforms in its 1995 report Governance in Transition, which advocated performance benchmarking and "internal markets" as global best practices for public sector modernization (Organisation for Economic Co-operation and Development, 1995). However, critics flagged that NPM's overreliance on economic rationality risked undermining core public values—equity, transparency, and democratic accountability—by subordinating social goals to narrow cost-benefit calculations (Dunleavy et al., 2006). They also noted that the fragmentation induced by contractualism and performance metrics increased policy complexity and often impeded coherent interagency coordination (Dunleavy et al., 2006). These debates have paved the way for subsequent models—such as digital-era governance and New Public Governance—that seek to integrate collaborative networks, adaptive learning, and technological innovation to harmonize efficiency with democratic values (Dunleavy et al., 2006; Kettl, 2002).

Postmodernism in public administration fundamentally challenges the modernist reliance on fixed hierarchies and universal managerial truths, arguing that governance structures are contingent, discursively constructed, and open to deconstruction (Fox & Miller, 1995). Fox and Miller (1995) advance a discourse theory of public administration that privileges multiplicity and the negotiation of meaning among diverse interpretive communities over monolithic bureaucratic norms (Fox & Miller, 1995). Drawing on Habermas's communicative rationality, scholars emphasize the role of dialogue and pluralism in policy-making, advocating context-sensitive solutions tailored to specific social settings rather than one-size-fits-all prescriptions (Habermas, 1984). Inspired by Foucault's governmentality, postmodernists foreground the dispersed nature of power, showing how administrative "truths" emerge from competing discourses rather than from objective, value-neutral procedures (Foucault, 1991). This orientation problematizes the "myth" of democratic consensus by exposing the ways in which dominant narratives marginalize alternative voices and mask underlying power asymmetries (Fox & Miller, 1995;). Critics warn, however, that an unmoored plurality of discourses can impede coherent action, as the absence of shared normative benchmarks may lead to fragmentation and undermine large-scale policy coordination (Bogason, 2005; Box, 1998). Nonetheless, proponents argue that by embedding ethics and reflexivity within administrative practice—and by recognizing the performative power of narratives—postmodern approaches enrich democratic governance through more inclusive, deliberative, and adaptive policymaking processes (Fox & Miller, 1995; Callon, 1998).

New Public Governance (NPG) shifts the locus of public administration from a state-centric model to one premised on governance networks, where inter-organizational collaboration among governmental bodies, non-governmental organizations, and private actors is central (Osborne, 2006; Klijn & Koppenjan, 2016). Under this paradigm, co-production of public services emerges as both a normative and practical imperative, whereby citizens actively partner with state agencies to generate public value, complementing traditional service delivery mechanisms (Alford, 2009; Bryson, Crosby, & Bloomberg, 2014). NPG also foregrounds adaptive leadership and trust-building processes, recognizing that effective governance requires relational capacities, mutual accountability, and shared problem-solving across network participants (Ansell & Gash, 2008; Emerson, Nabatchi, & Balogh, 2012). The salience of network governance has been further amplified by digital transformation trends, including the strategic adoption of artificial intelligence to enhance decision-support systems and personalize public service experiences (Babšek, Ravšelj, Umek, & Aristovnik, 2025), as well as the diffusion of participatory budgeting practices that democratize fiscal decision-making at the local level (Sintomer, Herzberg, & Röcke, 2008). However, the complex, cross-sectoral configurations demanded by NPG necessitate robust coordination mechanisms—such as network managers, metagovernance frameworks, and formalized governance protocols—to prevent fragmentation and ensure policy coherence (Torfing, Peters, Pierre, & Sørensen, 2012; Pollitt & Bouckaert, 2011). In sum, NPG advances a model of governance that is dynamic, collaborative, and responsive to multifaceted societal challenges, yet its efficacy hinges on the design of integrative structures to negotiate complexity and align diverse stakeholder interests.

Comparative Analysis

In this comparative analysis, five influential paradigms of public administration—Weberian bureaucracy, New Public Administration (NPA), New Public Management (NPM), postmodern approaches, and New Public Governance (NPG)—are evaluated across five dimensions: philosophical foundations, organizational designs, normative objectives, implementation dynamics, and performance/accountability mechanisms (Pollitt & Bouckaert, 2011). While the Weberian model emphasizes hierarchical control and rule-bound procedures, NPA foregrounds social equity and citizen empowerment; NPM imports market-driven efficiency; postmodernism deconstructs universal rationalities in favor of discursive pluralism; and NPG prioritizes networked co-production of services (Osborne, 2006; Weber et al., 1947; Frederickson, 1990; Fox & Miller, 1995; Klijn & Koppenjan, 2016). Each paradigm exhibits unique strengths in addressing modern governance challenges, yet also faces trade-offs in adaptability, legitimacy, and equity. The table below synthesizes key differences across models.

Table 1

Comparative Overview of Public Administration Models

Model	Theoretical Foundation	Key Principles	Strengths	Weaknesses
Classical	Weberian bureaucracy	Hierarchy, rules, meritocracy	Predictability, efficiency	Rigidity, inequity
NPM	Economic rationalism	Marketization, performance metrics	Cost-effectiveness, innovation	Erosion of public trust, inequity
NPA	Social equity theory	Participation, equity, ethics	Inclusivity, justice	Implementation challenges
Postmodern	Deconstructionism	Pluralism, discourse	Flexibility, critical analysis	Lack of coherence
NPG	Network theory	Collaboration, co-production	Adaptability, resilience	Coordination complexity

Source: by Author

No single paradigm fully addresses the multifaceted demands of contemporary governance. Weberian bureaucracy provides stability and procedural fairness, while NPA injects social conscience into administration. NPM drives efficiency and performance focus, postmodernism enriches critical reflexivity, and NPG offers a blueprint for collaborative, multi-stakeholder problem-solving. Hybrid approaches that harmonize hierarchical coordination, equity imperatives, market incentives, discursive diversity, and networked co-production hold the greatest promise for responsive, legitimate, and sustainable governance (Pollitt & Bouckaert, 2011)

Conclusion and discussion. The evolution of public administration paradigms mirrors the broader transformations occurring within society, particularly in response to globalization, technological advancements, and shifting public expectations. Classical bureaucratic models, rooted in Max Weber's principles of hierarchical organization and rule-based governance, continue to hold relevance in domains necessitating standardization and uniformity, such as tax collection and national defense (Weber, 1947). These models provide a structured framework that ensures consistency and predictability in administrative processes.

However, the advent of globalization and the rapid proliferation of digital technologies have introduced complexities that traditional models struggle to address effectively. The emergence of Artificial Intelligence (AI) and algorithm-driven governance has necessitated the development of more adaptive and collaborative frameworks. New Public Governance (NPG) has risen to prominence in this context, emphasizing multi-stakeholder collaboration, co-production of services, and adaptive leadership to navigate the intricate challenges of contemporary governance (Osborne, 2006). NPG's focus on networked governance structures enables more responsive and innovative solutions, particularly in areas like participatory budgeting and AI integration.

Despite the shift towards NPG, the legacy of New Public Management (NPM) persists, particularly in the continued emphasis on performance-based budgeting and efficiency metrics. NPM's market-oriented approach, which redefined citizens as customers and prioritized cost-effectiveness, has been instrumental in driving reforms aimed at enhancing public sector efficiency (Hood, 1991). However, this customer-centric model has faced criticism for its inadequacy in addressing equity concerns, especially during crises that expose systemic disparities, such as the housing affordability crisis. The focus on measurable outcomes often overlooks the nuanced needs of marginalized communities, leading to policy outcomes that may exacerbate existing inequalities (Dunleavy et al., 2006).

In contrast, New Public Administration (NPA) and postmodern approaches offer critical perspectives that prioritize social equity and challenge the assumptions of value-neutrality in public administration. NPA, emerging from the 1968 Minnowbrook Conference, advocates for administrators to actively address systemic inequalities and empower marginalized populations through participatory and ethical governance (Frederickson, 1990). A practical manifestation of NPA principles can be observed in South Africa's post-apartheid reforms, where efforts were made to redress historical disparities and promote inclusive governance structures (Cameron, 2009).

Postmodern critiques further deconstruct traditional administrative paradigms by questioning universal truths and highlighting the role of narratives and discourse in shaping policy. Scholars like Fox and Miller (1995) argue for a more pluralistic and context-specific approach to governance, emphasizing the importance of diverse perspectives and the deconstruction of dominant narratives. This perspective is particularly pertinent in the realm of algorithmic governance, where opaque AI systems can perpetuate biases and undermine transparency. The concept of "black box" algorithms, as discussed by Pasquale (2015), underscores the challenges of accountability and the need for greater transparency in AI-driven decision-making processes.

The integration of AI into public administration has sparked debates over algorithmic transparency and the ethical implications of automated decision-making. Concerns have been raised about the potential for AI systems to reinforce existing biases and the difficulty in ensuring accountability within these opaque systems (Vaassen, 2022). The lack of transparency in algorithmic processes poses significant challenges to democratic governance, as citizens may find it difficult to understand or contest decisions made by AI systems. This underscores the necessity for frameworks that prioritize explainability and social transparency in AI applications within the public sector (Ehsan et al., 2021).

In conclusion, the evolution of public administration reflects a dynamic interplay between enduring principles and emerging challenges. While classical models provide foundational structures for governance, the complexities of the modern era necessitate adaptive frameworks like NPG that emphasize collaboration and innovation. Simultaneously, the critical lenses offered by NPA and postmodern approaches highlight the importance of equity, transparency, and ethical considerations in public administration. As AI and digital technologies become increasingly integrated into governance, ensuring that these systems align with democratic values and promote social equity remains a paramount concern.

No single model universally addresses the complexities of modern governance. Hybrid approaches, such as blending NPM’s efficiency with NPG’s collaborative ethos, may offer pragmatic solutions. Future research should explore contextual factors influencing model efficacy,

such as cultural norms and technological adoption. As governments confront challenges like climate resilience and digital trust, theoretical agility will remain paramount.

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CROSS-BORDER MERGERS AND ACQUISITIONS: CHALLENGES OF TRANSNATIONAL MANAGEMENT AND THE UKRAINIAN WARTIME CONTEXT

ТРАНСКОРДОННІ ЗЛИТТЯ ТА ПОГЛИНАННЯ: ВИКЛИКИ ТРАНСНАЦІОНАЛЬНОГО МЕНЕДЖМЕНТУ ТА УКРАЇНСЬКИЇ ВОЄННИЙ КОНТЕКСТ

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Abstract. *Cross-border mergers and acquisitions (M&A) represent one of the most dynamic and complex instruments of international business expansion in the 21st century. In an era defined by globalization, accelerated digital transformation, and mounting geopolitical volatility, they provide companies with opportunities not only to expand geographical presence but also to acquire technological innovations, strengthen global competitiveness, and secure access to strategic resources. According to the Institute for Mergers, Acquisitions and Alliances (IMAA), in 2021 alone more than 50,000 deals were completed worldwide, reaching a total value of USD 5.9 trillion, a record for the past two decades. Despite temporary contractions caused by the COVID-19 pandemic, armed conflicts, and the global energy crisis, the M&A market has demonstrated remarkable resilience, continuing to shape the structural evolution of the global economy. Nevertheless, international statistics highlight a paradox: while M&A is pursued as a key driver of corporate growth, nearly half of all cross-border transactions fail to achieve the desired outcomes. Empirical research suggests that up to 70% of these failures occur not during negotiation or valuation but at the post-merger integration stage, where organizational cultures, legal regimes, and managerial approaches collide. This demonstrates that financial calculations and economic forecasts, although essential, are not sufficient to guarantee success. Instead, the decisive factors lie in the sphere of transnational management, which encompasses the ability to reconcile cultural differences, harmonize legal and regulatory frameworks, align strategic objectives, and manage human capital across diverse national contexts. This paper addresses five interrelated domains of challenge in cross-border M&A: cultural distance, legal and regulatory barriers, the integration of business processes, the human factor, and strategic alignment. The analysis builds on recent*

academic studies, as well as case studies from global corporate practice. These insights are further contextualized through the Ukrainian wartime experience, which exemplifies the intensification of global challenges under conditions of extreme uncertainty. The Ukrainian case highlights a dual reality: on the one hand, legal instability, infrastructural destruction, and mass migration create unprecedented risks; on the other, the need for rapid reconstruction and integration into the European Union's economic space creates extraordinary opportunities for foreign investors. In this regard, Ukraine functions as a unique testing ground where global theories of M&A and transnational management intersect with the realities of wartime resilience. By analyzing these dynamics, this paper seeks to contribute both to the academic discourse on cross-border integration and to the practical toolkit of managers navigating one of the most turbulent business environments of our time.

Keywords. *Cross-border mergers and acquisitions (M&A); transnational management; cultural distance; post-merger integration; organizational cultural distance (OCD); digital integration; human capital mobility; strategic alignment; geopolitical risk; Ukrainian wartime economy; reconstruction and resilience; European Union integration.*

Анотація. *Транскордонні злиття та поглинання (M&A) є одним із найбільш динамічних і водночас складних інструментів міжнародної бізнес-експансії у XXI столітті. В епоху глобалізації, прискореної цифрової трансформації та зростаючої геополітичної нестабільності вони забезпечують компаніям не лише можливість розширювати географічну присутність, а й здобувати технологічні інновації, посилювати глобальну конкурентоспроможність і забезпечувати доступ до стратегічних ресурсів. За даними Інституту злиттів, поглинань та альянсів (IMAA), лише у 2021 році у світі було укладено понад 50 тисяч угод на загальну суму 5,9 трлн доларів США, що стало рекордом за останні два десятиліття. Попри тимчасові скорочення, спричинені пандемією COVID-19, воєнними конфліктами та глобальною енергетичною кризою, ринок M&A продемонстрував надзвичайну стійкість, продовжуючи визначати структурну еволюцію світової економіки. Водночас міжнародна статистика підкреслює парадокс: хоча M&A розглядаються як головний драйвер корпоративного зростання, майже половина транскордонних угод не досягає бажаних результатів. Емпіричні дослідження свідчать, що до 70 % цих невдач припадають не на етап переговорів чи оцінювання, а саме на фазу постінтеграції, де відбувається зіткнення організаційних культур, правових режимів і управлінських підходів. Це доводить, що фінансові розрахунки та економічні прогнози, хоча й необхідні, не можуть гарантувати успіх. Вирішальні чинники перебувають у площині транснаціонального менеджменту, який охоплює здатність узгоджувати культурні відмінності, гармонізувати правові й регуляторні рамки, вирівнювати стратегічні цілі та ефективно управляти людським капіталом у різних національних контекстах. У статті розглядаються п'ять взаємопов'язаних сфер викликів у транскордонних M&A: культурна дистанція, правові та регуляторні бар'єри, інтеграція бізнес-процесів, людський фактор та стратегічне вирівнювання. Аналіз ґрунтується на сучасних академічних дослідженнях, а також на кейсах із глобальної корпоративної практики. Ці інсайти додатково контекстуалізуються через український воєнний досвід, що ілюструє посилення глобальних викликів в умовах крайньої невизначеності. Український випадок підкреслює подвійність реальності: з одного боку, правова нестабільність, руйнування інфраструктури та масова міграція створюють безпрецедентні ризики; з іншого — потреба швидкої відбудови та інтеграції в економічний простір ЄС відкриває надзвичайні можливості для іноземних інвесторів. У цьому сенсі Україна функціонує як унікальний полігон, де глобальні теорії M&A і транснаціонального менеджменту перетинаються з реаліями воєнної стійкості. Аналіз цих динамік дозволяє зробити внесок не лише в академічний дискурс про транскордонну інтеграцію, а й у практичний інструментарій менеджерів, які працюють в одному з найтурбулентніших бізнес-середовищ сучасності.*

Ключові слова. *Транскордонні злиття та поглинання (M&A); транснаціональний менеджмент; культурна дистанція; постінтеграційні процеси; організаційна культурна дистанція (OCD); цифрова інтеграція; мобільність людського капіталу; стратегічне вирівнювання; геополітичний ризик; українська воєнна економіка; відбудова та стійкість; інтеграція до Європейського Союзу.*

Introduction. Cross-border mergers and acquisitions (M&A) have become one of the most prominent and transformative strategies for international business expansion in the 21st century. In a globalized economy marked by unprecedented interconnectedness, firms increasingly use M&A not only as a tool for rapid market entry but also as a mechanism for acquiring advanced technologies, diversifying supply chains, enhancing competitiveness, and restructuring business models in response to environmental turbulence. According to the Institute for Mergers, Acquisitions and Alliances (IMAA), in 2021 alone more than 50,000 M&A deals were recorded worldwide, with a combined value exceeding USD 5.9 trillion—the highest figure in two decades. Although the global M&A market experienced temporary fluctuations in 2022–2023 due to the COVID-19 pandemic, armed conflicts, and a global energy crisis, it nevertheless proved remarkably resilient, continuing to shape the structural evolution of the world economy. Yet despite this quantitative growth, cross-border M&A continues to face qualitative challenges. Statistics reveal a persistent paradox: while such deals are conceived as pathways to strategic advantage, nearly half of them fail to meet expectations. Empirical studies indicate that up to 70% of failures occur during the integration stage, rather than during negotiations or financial planning (Hoffman & Shimizu, 2022). This suggests that success in cross-border M&A cannot be explained by financial forecasts alone. Instead, it depends on the ability of managers to navigate the far more intricate terrain of transnational management, which involves reconciling organizational cultures, legal regimes, managerial practices, and strategic visions that frequently diverge across national boundaries. The academic literature identifies several domains of challenge that recur across cases of cross-border M&A. Cultural distance and organizational cultural distance (OCD) influence employee trust, communication, and motivation (Brede, Langan, & Rees, 2024). Legal and regulatory asymmetries create uncertainty and compliance risks, particularly when multiple jurisdictions impose conflicting requirements. The integration of business processes, especially in the digital era, demands compatibility of IT infrastructure, cybersecurity, and data management systems (Deloitte, 2024). The human factor remains central, as retention of key talent and adaptation of workforces are decisive for post-merger performance (Krug, Wright, & Kroll, 2020). Finally, strategic alignment—clarity of objectives, value drivers, and integration pace—determines whether the expected synergies are realized or dissipate into organizational conflict. The Ukrainian context adds a further layer of complexity and significance to this discussion. Since the outbreak of full-scale war in 2022, Ukraine has experienced both unparalleled risks and unprecedented opportunities. On the one hand, wartime conditions have intensified legal instability, infrastructural disruptions, and losses of human capital. On the other hand, Ukraine's strategic trajectory toward European Union integration and the anticipated postwar reconstruction have created new incentives for foreign investment and cross-border partnerships. In this sense, Ukraine functions as a critical test case for the global theory and practice of M&A: it illustrates how extreme geopolitical and economic shocks reshape the conditions for cross-border integration while simultaneously highlighting new pathways for resilience and growth. Against this backdrop, the purpose of this paper is twofold: first, to analyze the core challenges of transnational management in cross-border M&A—including cultural, legal, organizational, human, and strategic dimensions; and second, to contextualize these challenges within Ukraine's wartime environment, thereby offering insights into how global patterns intersect with local realities. By bridging theoretical perspectives with practical examples, the article seeks to contribute both to academic debates and to the managerial toolkit required to navigate one of the most turbulent business landscapes of our time.

The purpose of the article. The primary aim of this study is to analyze the multidimensional challenges of cross-border mergers and acquisitions (M&A) with a particular emphasis on transnational management, cultural distance, regulatory complexity, digital integration, human capital, and strategic alignment. While traditional research has focused predominantly on financial logic and valuation models, the growing body of contemporary literature demonstrates that non-financial dimensions are equally, if not more, decisive for the success or failure of international transactions. This article therefore seeks to expand the analytical lens by situating global trends within the unique context of Ukraine's wartime economy. Specifically, the research aims to examine how cultural barriers, organizational misalignments, and human capital dynamics interact with legal, regulatory, and geopolitical constraints to shape post-merger integration outcomes. By synthesizing recent theoretical insights and practical case studies, the study aspires to identify the mechanisms through which these challenges can either undermine or reinforce strategic objectives. Special attention is given to the role of cultural agility, transformational leadership, and digital resilience as compensatory capabilities that may enable firms to navigate the turbulence of cross-border integration. A further objective is to contextualize global patterns of M&A within Ukraine's wartime realities. The country represents a unique case where extreme risks—legal instability, infrastructural destruction, and human capital losses—coexist with extraordinary opportunities arising from postwar reconstruction, European Union integration, and the resilience of its IT and energy sectors. By exploring this paradox, the study aims not only to contribute to the academic discourse on transnational management but also to provide practical insights for managers and policymakers designing M&A strategies in highly volatile environments. Ultimately, the goal of this research is to bridge global theory with local practice, demonstrating how universal challenges of cross-border M&A are magnified, transformed, and sometimes redefined in wartime Ukraine. In doing so, the study contributes to both the scholarly understanding of international business and the managerial toolkit for sustaining competitive advantage in times of crisis and recovery.

Literature review. Recent scholarship on cross-border mergers and acquisitions (M&A) has increasingly shifted from financial determinants toward the managerial, cultural, and geopolitical dimensions of integration. A growing body of research highlights organizational cultural distance (OCD) as a decisive factor. Brede, Langan, and Rees (2024), analyzing over 240 M&A transactions through employee feedback on Glassdoor, demonstrate that cultural misalignment diminishes short-term market reactions and constrains long-term innovation. This builds on earlier findings by Zhu (2020), who argues that transformational leadership can mitigate risks arising from cultural distance by fostering trust and inspiring adaptation among employees. Another strand of recent research emphasizes the human factor. Krug, Wright, and Kroll (2020) conducted a meta-analysis showing that up to 30% of top managers leave acquired firms within two years of a deal, underscoring the risks of talent attrition. Complementary studies, such as Johnson and Kostova (2021), highlight **cultural agility** as a compensatory capability, allowing teams to integrate effectively across organizational and national boundaries. Geopolitical and regulatory risks have also become central themes. Chen and Li (2025) demonstrate that differences in geopolitical risk levels (*GPR distance*) are statistically correlated with higher M&A activity, as firms use acquisitions to hedge against jurisdictional and political uncertainty. Deloitte (2024), in its global M&A trends report, stresses that digital integration—unification of ERP, CRM, and cybersecurity systems—has emerged as a key determinant of post-merger success, cited by more than 60% of executives surveyed.Finally, recent case-oriented research in the Ukrainian context provides unique insights into how wartime conditions reshape cross-border M&A dynamics. Audretsch, Belitski, and Cherkas (2023) document the severe loss of entrepreneurial capacity and small businesses, yet also emphasize the adaptability of Ukrainian IT firms that continue to attract international investment. These findings position Ukraine as both an outlier and a laboratory of resilience in the global M&A landscape. Taken together, contemporary literature underscores a paradigm shift: from viewing M&A primarily through financial or legal lenses to recognizing integration as a multidimensional process shaped by culture, human capital, digital infrastructure, and geopolitical risk.

Main results of the research. *Cultural and Organizational Distance.* The role of culture in cross-border mergers and acquisitions (M&A) has been extensively explored in international business research since the pioneering work of Geert Hofstede, who demonstrated that national and organizational cultures shape attitudes toward authority, communication styles, and tolerance for uncertainty. In the 21st century, cultural differences have only intensified as firms operate within increasingly globalized yet fragmented markets. In this context, organizational cultural distance (OCD) has emerged as a decisive factor influencing post-merger integration outcomes. Recent empirical research has underlined the weight of cultural distance in shaping M&A performance. Brede, Langan, and Rees (2024) demonstrated that significant differences in organizational culture reduce short-term positive market reactions to M&A deals and constrain long-term innovative capacity. Using employee feedback from Glassdoor, they analyzed 243 transactions and concluded that failure to consider internal cultural parameters produces systemic challenges in employee engagement and the execution of joint strategies. Similarly, Zhu (2020) highlighted that transformational leadership can serve as a compensatory mechanism: leaders who inspire trust and create a collaborative climate mitigate risks arising from cultural distance. The importance of these dynamics is well illustrated by global case studies. The Daimler–Chrysler merger (1998–2007) failed largely due to the incompatibility of German hierarchical management with American pragmatism and flexibility, resulting in the dissolution of the alliance and billions of dollars in losses. The Renault–Nissan–Mitsubishi alliance (2000–2020) revealed that divergent approaches to decision-making and strategic planning created enduring barriers. Likewise, the Microsoft–Nokia deal (2013) exemplified how the American culture of rapid decision-making clashed with European bureaucratic caution, ultimately leading to failure. These cases confirm that culture can function as either a foundation of trust or a barrier that neutralizes any financial advantage. The Ukrainian wartime context adds further nuance to this discussion. Since 2022, Ukraine has experienced a mass shift toward remote and hybrid work, dispersing employees across Ukraine, the EU, and beyond. This has created **"cultural mixes,"** where management styles, communication practices, and resilience levels coexist within a single organization. At the same time, the war has amplified the role of trust. Ukrainian firms frequently rely on personal relationships and reputation rather than formal contracts, which complicates foreign investors' expectations of codified procedures but facilitates the formation of **"rapid alliances"** under crisis conditions. Furthermore, the phenomenon of cultural agility has become a distinctive competitive advantage. Johnson and Kostova (2021) describe cultural agility as the ability to adapt quickly to any environment and integrate into foreign organizational cultures. This quality has enabled Ukrainian IT companies to remain attractive to international investors even during wartime. The acquisition of Avenga by the Czech holding KKCG in 2024 demonstrated that Ukrainian offices were not a liability but a core asset, valued for their ability to deliver projects for EU and U.S. clients despite massive disruptions in energy infrastructure. Taken together, these insights emphasize that cultural and organizational distance is not merely an abstract academic variable but a real-world determinant of success or failure in cross-border M&A. For Ukraine, cultural challenges are intensified by the pressures of war—mass migration, displacement, and heightened uncertainty—yet they are partially offset by high trust levels, resilience, and the adaptability of teams. Cultural distance, therefore, acts as a double-edged sword: it heightens risks of conflict and integration failure but simultaneously fosters innovation and new managerial practices when effectively managed. *Legal and Regulatory Complexity.* Cross-border mergers and acquisitions (M&A) are inevitably embedded in a complex web of legal and regulatory frameworks. Each transaction typically spans multiple jurisdictions, each with its own corporate law, labor regulations, and antitrust regimes. While these differences already create substantial barriers in peacetime, under wartime conditions, such as those faced by Ukraine, the level of legal uncertainty and complexity intensifies significantly. In the global context, legal divergence manifests most visibly in antitrust and competition policy. For instance, the European Commission has repeatedly blocked or conditioned transactions approved in the United States, reflecting the EU's stricter approach to market concentration. Labor law differences are equally significant: Germany's system of *Mitbestimmung* requires employee

representation on supervisory boards, a practice virtually absent in the United States. In Japan, *keiretsu* corporate alliances restrict the influence of foreign shareholders, creating another layer of resistance to integration. These examples illustrate how divergent regulatory regimes complicate the task of transnational managers, who must balance compliance obligations without undermining strategic objectives. In Ukraine, wartime conditions have amplified regulatory volatility. Currency restrictions, limitations on dividend repatriation, and emergency adaptations of corporate law have become part of the business landscape. On the one hand, this environment generates high legal uncertainty, deterring risk-averse investors. On the other, the Ukrainian government has actively sought to maintain investment attractiveness by streamlining registration procedures and introducing tax incentives for foreign capital. Notably, in 2023–2024, Ukraine launched "fast-track corridors" for deal approval in strategic sectors such as energy, agriculture, and telecommunications. This duality reflects the paradox of the Ukrainian investment climate: instability coexists with reform-driven liberalization.Recent scholarship also emphasizes the rising role of geopolitical risk in shaping deal valuations. Chen and Li (2025) argue that sanctions, military hostilities, and political instability compel investors to incorporate additional "risk premiums" when assessing cross-border acquisitions. In practice, this translates into higher discount rates, more conservative valuations, and contractual clauses designed to mitigate geopolitical uncertainty. For Ukraine, this dynamic is particularly evident: while legal risks discourage some investors, others interpret them as an opportunity to acquire undervalued assets with high long-term potential, especially in strategic industries linked to postwar reconstruction. The Ukrainian energy sector provides an illustrative example. DTEK, Ukraine's largest private energy company, has pursued acquisitions of renewable energy assets in Romania and planned expansions of wind farms domestically between 2023 and 2025. These moves have required navigating both EU regulatory frameworks and Ukraine's wartime restrictions, particularly in relation to grid stability, export licensing, and foreign investment rules. The successful execution of such deals demonstrates that despite regulatory hurdles, cross-border M&A remains viable when companies combine local legal expertise with strategic foresight. In summary, legal and regulatory complexity constitutes one of the most formidable challenges in cross-border M&A. Globally, it arises from diverging antitrust policies, labor laws, and ownership restrictions; in Ukraine, it is compounded by wartime uncertainty but partially mitigated by government liberalization efforts. For transnational managers, success requires not only legal compliance but also the ability to transform volatility into an advantage by proactively embedding resilience and flexibility into deal structures. *Integration of Business Processes and Digital Transformation.* One of the most critical and complex dimensions of cross-border mergers and acquisitions (M&A) is the integration of business processes. While investors often forecast synergies at the signing stage—cost reductions, expanded client bases, or operational optimization—these projections frequently collapse in practice due to incompatibility of systems, structures, and routines. This challenge has become even more pronounced in the digital age, where integration requires not only alignment of traditional processes but also unification of IT infrastructures, cybersecurity frameworks, and real-time data management systems. The so-called "post-integration syndrome" remains a persistent risk. Hoffman and Shimizu (2022) demonstrated that nearly 70% of failed M&A cases collapse during the post-merger phase, largely because firms underestimate operational complexity. Divergent accounting standards (GAAP vs. IFRS), incompatible ERP systems (SAP, Oracle, or local solutions), and conflicting HR practices frequently transform expected synergies into internal frictions. Global examples such as Siemens–Nokia (2006), HP–Autonomy (2011), and Tata–Corus (2007) highlight how even strategically sound deals can falter when operational systems remain misaligned. In the 21st century, integration increasingly occurs within the digital domain. The incompatibility of ERP, CRM, and HR platforms not only slows harmonization but also generates risks of cybersecurity breaches and data loss. A Deloitte (2024) study found that more than 60% of M&A executives now view digital transformation as the decisive factor for integration success. Firms unable to unify digital platforms risk not only efficiency losses but also the viability of the deal itself. For Ukraine, the wartime context adds distinctive challenges. The destruction of logistics networks, disruptions

in energy supply, and reliance on backup systems have forced companies to prioritize resilience. Businesses are increasingly turning to cloud-based and SaaS solutions to maintain operational continuity, even in critical sectors such as agribusiness and manufacturing. Ukrainian IT firms, such as Avenga and Ciklum, which became targets of cross-border M&A in 2023–2024, demonstrated remarkable adaptability through digital platforms that allowed integration into international ecosystems despite wartime disruptions. Similarly, DTEK's expansion into renewable energy assets required integration of production management systems under conditions of blackouts and infrastructural attacks. Thus, business process integration in cross-border M&A represents a high-risk but decisive domain. Its success depends not only on technical harmonization but also on institutional flexibility, digital resilience, and the capacity to adapt integration design to crisis scenarios. In Ukraine, the "chaos of war" overlaps with the "chaos of integration," but paradoxically, this convergence has produced unique adaptive practices that may constitute a long-term competitive advantage. *Human Factor: Retention and Mobility.* Among all dimensions of cross-border mergers and acquisitions (M&A), the human factor remains the most unpredictable and, at times, the most decisive. While cultural differences can be mediated through leadership and legal complexities managed by expert counsel, the behavior of individuals—their motivations, ambitions, and values—cannot be modeled with the same precision. The departure of key personnel, conflicts over compensation, or mismatches in management style often undermine even financially well-prepared deals. Empirical research confirms this risk. Krug, Wright, and Kroll (2020) found that up to 30% of top managers in acquired firms leave within the first two years after a major M&A transaction. The reasons are diverse: loss of autonomy, dissatisfaction with new reward systems, and cultural clashes with acquirer leadership. Global case studies reinforce these findings. After Google's acquisition of Motorola (2012), most senior executives departed, significantly weakening the integration process. By contrast, Microsoft's acquisition of LinkedIn (2016) is often cited as a success precisely because Microsoft retained the core leadership team, granting relative autonomy and preserving employee motivation. For Ukraine, the human factor has gained unprecedented salience under wartime conditions. Audretsch, Belitski, and Cherkas (2023) estimate that the war has led to the loss of over 675,000 entrepreneurs (a decline of about 20%) and nearly 71,000 small businesses (–14%). At the same time, more than 6 million Ukrainians have migrated abroad (UNHCR, 2023). While some continue remote work for domestic firms, shortages in skilled labor are acute in manufacturing and agribusiness. Conversely, Ukrainian specialists in IT and engineering have become even more attractive to foreign firms, thanks to their adaptability, resilience, and ability to perform under crisis conditions. Several recent transactions illustrate this paradox. The acquisition of Avenga by the Czech holding KKCG in 2024 highlighted Ukrainian offices as a central asset, as teams continued to deliver for European and U.S. clients despite blackouts and infrastructure attacks. Similarly, the 2025 integration of Uklon into Kyivstar demonstrated the tension between start-up culture and corporate structures, requiring careful HR policy adjustments. In agribusiness, MHP's acquisition of Grupo UVESA (2025) required alignment of motivational systems: Spanish employees valued social guarantees, while Ukrainian teams were more oriented toward performance-based bonuses. In sum, the human factor functions as both a vulnerability and an asset in cross-border M&A. Talent attrition, motivational conflicts, and cultural mismatches often derail integration, yet when managed effectively, human capital can become a decisive competitive advantage. For Ukraine, wartime conditions magnify risks but also underscore the resilience and cultural agility of its workforce, making it simultaneously a fragile and a uniquely valuable environment for cross-border investment. *Strategic Alignment and Geopolitical Factors.* Strategic alignment is often described as the "silent determinant" of success in cross-border mergers and acquisitions (M&A). Even when financial logic appears sound, deals frequently collapse because the strategic motives of the parties—market expansion, technological upgrading, vertical integration, or resource security—are not sufficiently synchronized. Without shared objectives, the promised "economy of synergy" erodes into compromises and organizational conflict. The issue extends beyond defining goals to the timing and rhythm of integration. Rapid integration may disrupt local business logic, while phased integration risks preserving

inefficiencies. Recent research on post-merger integration (PMI) emphasizes that successful firms establish a critical path aligned with value drivers rather than with organizational convenience (Hoffman & Shimizu, 2022). In practice, this means integrating what is essential for synergy—such as front-office systems for customer access or supply-chain processes for operational efficiency—while allowing other segments to retain autonomy. Since 2022, geopolitics has become a central driver of strategic alignment. Firms increasingly view cross-border M&A as a hedge against geopolitical risk, diversifying across jurisdictions with different political profiles. Chen and Li (2025) demonstrate that differences in geopolitical risk levels (*GPR distance*) statistically correlate with higher M&A activity, as companies seek stability by acquiring assets in safer environments. This new motive reshapes both valuation, where risk premiums and discounts are priced into deals, and integration design, which must incorporate resilience layers such as backup logistics, IT redundancy, and political risk insurance. In Ukraine, these dynamics are particularly visible. The war has introduced radical uncertainty, yet it has also created unique incentives. For many investors, participation in Ukrainian M&A is both an economic and a political act: securing a foothold in the future reconstruction market while signaling solidarity with a nation at war. Deals such as Kyivstar–Uklon (2025), MHP–Grupo UVESA (2025), and DTEK's renewable energy investments illustrate that strategic alignment in Ukraine must balance three dimensions simultaneously: ***market opportunity, reconstruction potential, and trust.*** When these elements converge, M&A can succeed even in the most turbulent environment.

Conclusions. The analysis of cross-border mergers and acquisitions (M&A) underscores that their success depends on far more than financial calculations or market forecasts. Cultural, legal, organizational, human, and strategic factors jointly determine whether integration generates sustainable value or deteriorates into conflict and inefficiency. Each of these domains presents significant risks, but also opportunities, particularly when managed with foresight, adaptability, and institutional flexibility. First, cultural and organizational distance continues to be one of the most underestimated determinants of M&A performance. Empirical research and case studies reveal that cultural incompatibility can derail even the most ambitious alliances, while cultural agility and transformational leadership provide pathways to resilience. The Ukrainian experience demonstrates how hybrid work environments, high trust, and adaptive IT-sector teams can transform cultural diversity into a source of competitive strength. Second, legal and regulatory asymmetries remain structural challenges. Globally, conflicting antitrust regimes, labor regulations, and ownership restrictions complicate integration. In Ukraine, these challenges are magnified by wartime instability, yet partially mitigated by reform initiatives designed to attract capital. The duality of instability and liberalization defines Ukraine's regulatory environment, positioning it as both a risky and a promising investment landscape. Third, integration of business processes has emerged as the core operational challenge. Technical incompatibility, particularly in the digital domain, frequently converts projected synergies into post-integration chaos. However, Ukrainian firms have developed innovative responses under wartime pressure, relying on cloud-based platforms, SaaS solutions, and backup infrastructures that provide lessons for global practice. Fourth, the human factor remains a double-edged sword. Talent attrition, motivational conflicts, and leadership disputes are leading causes of M&A failure. Yet, when managed effectively, human capital becomes the most valuable asset, enabling firms to sustain operations and generate innovation even under extreme uncertainty. Ukraine illustrates this paradox vividly: while manufacturing sectors face acute shortages, IT and engineering specialists have become increasingly attractive to international investors. Finally, strategic alignment—encompassing both objectives and timing—stands as the ultimate determinant of long-term success. The post-2022 geopolitical environment has embedded risk diversification into the very rationale of M&A. For Ukraine, alignment now requires a three-dimensional balance of market opportunity, reconstruction potential, and trust. Deals that integrate these dimensions, while operationalizing value governance and resilience mechanisms, stand a realistic chance of success even in wartime conditions. Taken together, the evidence suggests that cross-border M&A in Ukraine functions as both a high-risk and high-reward arena. The war has magnified challenges

in every domain but has simultaneously accelerated innovation, cultural agility, and institutional adaptation. As a result, Ukraine represents not only a case of crisis management but also a laboratory of resilience, where global patterns of transnational management converge with the realities of survival and reconstruction.

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HUMAN CAPITAL AS A FUNDAMENTAL INTANGIBLE ASSET OF INTERNATIONAL BUSINESS

ЛЮДСЬКИЙ КАПІТАЛ ЯК ОСНОВОПОЛОЖНИЙ НЕМАТЕРІАЛЬНИЙ АКТИВ МІЖНАРОДНОГО БІЗНЕСУ

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Abstract. *The article traces the evolution of managerial approaches to the workforce - from the early perception of employees as "labour resources" to the more advanced notion of "human capital", and ultimately to the contemporary concept of the "human asset". Drawing on theoretical frameworks and international business practices, it highlights the functional distinctions, limitations, and strategic implications associated with each concept. Special attention is devoted to the notion of human assets, which integrates the economic, social, and ethical value of employees, emphasizing their uniqueness, innovative potential, and capacity to shape and embody corporate culture. The paper explores key challenges in implementing this paradigm while outlining its advantages, including enhanced motivation and innovation, reduced employee turnover, and strengthened long-term organizational resilience. It is argued that the human asset approach aligns with the demands of the modern business environment, where individuals serve as the principal strategic intangible asset - generating competitive advantage and advancing the values of social responsibility on a global scale.*

Keywords: *human assets, human capital, personnel management, intangible assets, intellectual capital, social responsibility, corporate culture, well-being, prosperity.*

Анотація*. У статті представлено еволюцію управлінських підходів до робочої сили – від раннього сприйняття працівників як «трудових ресурсів» до більш прогресивного поняття «людського капіталу» і, зрештою, до сучасної концепції «людського активу». Спираючись на теоретичні засади та міжнародну бізнес-практику, вона висвітлює функціональні відмінності, обмеження та стратегічні наслідки, пов'язані з кожною з цих концепцій. Особлива увага приділяється поняттю людських активів, яке інтегрує економічну, соціальну та етичну цінність працівників, підкреслюючи їх унікальність,*

інноваційний потенціал та здатність формувати та втілювати корпоративну культуру. У статті досліджуються ключові проблеми впровадження даної парадигми, одночасно окреслюючи її переваги, серед яких підвищена мотивація та інноваційність, зменшення плинності кадрів та посилення довгострокової організаційної стійкості. Аргументовано, що концепція «людських активів» відповідає вимогам сучасного бізнес-середовища, де окремі особи слугують головним стратегічним нематеріальним активом, створюючи конкурентну перевагу та просуваючи цінності соціальної відповідальності у глобальному масштабі.

Ключові слова: *людські активи, людський капітал, управління персоналом, нематеріальні активи, інтелектуальний капітал, соціальна відповідальність, корпоративна культура, добробут, процвітання.*

Introduction. In the era of globalisation, glocalisation, digitalisation, and automation, the human factor is increasingly coming to the forefront of business processes. The traditional paradigm of "labour resources" which regarded the employee as a mere component of the production chain, is rapidly losing relevance in the face of accelerated economic change and the shift towards a knowledge-based economy. This outdated view is being replaced by the concepts of "human capital" and "human asset" both of which recognise the intangible value of people as a key driver of a company's long-term success. More and more, the individual is seen not simply as a resource for the present, but as an investment in the future.

The theory of human capital, pioneered by Theodore Schultz and Gary Becker, highlights the rationale for investing in employees' knowledge, abilities, and skills (Schultz, 1961; Becker, 1964). The development of such knowledge, competencies, and motivations - unique to every individual - requires investment that often postpones immediate consumption in pursuit of greater future returns. Becker argued that the education system is the primary domain where financial capital is transformed into human capital: investment in learning leads to the development of intellectual and cultural potential, yielding benefits not only for the individual but also for the organisation in which they work, and for society at large. Recent studies by McKinsey, the Harvard Business Review, the World Economic Forum, and the World Bank confirm that intangible assets generated by people have a significant impact on business valuation and resilience in the global environment. Emerging publications, albeit still in lesser-known outlets, have begun to distinguish the concept of the "human asset" emphasising employees' uniqueness, creativity, and ability to shape corporate culture and drive innovation.

Building on this evolutionary trajectory, it is important to clearly differentiate between three categories: resource, capital, and asset. Accordingly, approaches to people management must be redefined - shifting from the notion of "workforce" to that of a strategic intangible asset.

Thus, the transition toward a human-centric paradigm is not only theoretically justified but also a practically inevitable step for businesses aiming to remain successful amid global transformations.

The aim of this study is to substantiate the concept of the human asset as a key intangible asset in international business, to analyse its unique characteristics, differentiate it from adjacent concepts, and to synthesise global best practices for its strategic management within the context of sustainable economic development.

This research seeks to address the following questions:

• to outline the distinctions between the notions of "human resource" and "human capital";

• to summarise the most recent perspectives on the concept of the "human asset";

• to demonstrate why this approach is becoming critically important for contemporary organisations striving for sustainable competitive advantage, high levels of innovation, and a strong commitment to social responsibility.

Review of Recent Research and Publications. The essence, valuation, and significance of human capital as an asset have been examined by numerous Ukrainian scholars (including Prytuliak, 2014; Murashko, 2007; Bobukh, 2019; Horovyi, 2020; Melnychuk, 2015), as well as by a broad range of international authors. Coff (1997) and Sveiby (1998) underscore both the risks and advantages associated with intangible assets. Goldin C. (2016) speaks of human capital as a stock of productive skills, talents, health, and expertise and of investments in human capital. Klemash, S., Neill, B. M., and Smith, J. C. (2019) emphasise that intangible assets - of which human capital is a critical component - constitute the majority of a company's market value. Madgavkar et al. (2023), in a McKinsey report, further demonstrate the growing contribution of intangible assets to business capitalisation. Analytical reviews by the World Economic Forum (2020), Indeed (2024), and the World Bank (2016), including joint publications with the International Bank for Reconstruction and Development (2024), explore emerging approaches to managing human assets, presenting practical case studies and evidence that reinforce the strategic relevance of this domain. Overall, there is a discernible evolution: from viewing human capital as a cost component to recognising it as a strategic asset that requires deliberate investment, systematic accounting, and continuous development.

Main Research Findings. Contemporary approaches to people management are increasingly moving away from the perception of employees as mere "resources" consumed in the production process and toward recognising the individual as a bearer of intellectual capital and a repository of future value. Whereas in the industrial economy corporate growth was largely driven by mass hiring, in the knowledge economy the decisive factors are competencies: knowledge, skills, creativity, and the capacity for innovation. Small yet highly skilled teams often generate more revenue per employee than large organisations that expand solely in quantitative terms; the key condition for such an effect lies in the systematic development of employees' competencies and overall well-being.

The concept of "human resources" emerged during the industrial era, when workers were regarded analogously to material or financial resources: the primary objective was to ensure current productivity while minimizing costs. The individuality of employees and the value of their knowledge were virtually disregarded, and management operated through rigid hierarchies. By contrast, in the post-industrial world, work has become an interaction among people, fundamentally altering employment structures, the content of work, and its very nature. This shift necessitates the acquisition of unique, in-depth, and highly specialised knowledge whose market value proves exceptionally high. In turn, such knowledge ensures the rapid return on investments made in the educational process (Melnychuk, 2015).

In the 1960s, T. Schultz and G. Becker introduced the theory of "human capital" demonstrating that education and professional development constitute investments capable of generating economic value (Becker, 1964; Schultz, 1961). From that moment, employees began to be perceived not only as executors of tasks but also as sources of competitive advantage. Schultz established that, for a long period, the U.S. economy derived a higher return from human capital than from physical capital. While the value of land and equipment could be calculated with great precision, little was known about the worth of human capital - until Schultz carried out such estimations. His aim was to justify the prioritisation of investment in education, science, and healthcare.

On the basis of his studies of human capital, Schultz reached several key conclusions: there is no fundamental difference between human and physical capital, as both generate income (a crucial point, as it allows for comparison); growth in investment in people significantly alters the structure of wages; and investments in human capital surpass those in physical capital, rendering ownership of physical assets secondary. Becker (1993) presented findings on the relationship between investment in education and citizens' incomes. According to his analysis, individuals, when deciding whether to invest in education, health, or vocational training, tend to anticipate the future returns and profitability of such expenditures - this expectation being decisive in the acceptance or rejection of specific investment decisions. Becker's works gave rise to a new field of scholarship:

the economics of education. Both authors were awarded the Nobel Prize for their significant contributions (Melnychuk, 2015). It thus becomes evident that human capital emerges as primary. Moreover, with the advancement of science and technology and the expansion of educational opportunities, its significance continues to grow.

The ideas of T. Schultz and G. Becker were further developed in the works of J. Mincer (1991), who interpreted human capital as a set of personal abilities that provide its holder with the ability to generate income. In his opinion, it is the ability to generate income that brings human capital closer to other forms of capital that function in social production. Moreover, many of the provisions of economic theory that apply to other forms of capital can be extended to human capital. Studies have shown that the knowledge, skills, productive abilities and motivation that are developed in each person are a special form of capital. At the same time, since human capital is embodied in the individual, it cannot be sold or inherited like tangible assets or financial resources. It is an integral part of an individual's wealth, the personal asset of everyone. Thus, an employee with education, experience and competences is the owner of his or her unique human capital, which gives him or her new economic subjectivity. As a result, the traditional boundary between employer and employee is blurred - both are owners of capital. Moreover, a highly skilled employee is increasingly becoming the most valuable part of this capital, as his or her professional abilities directly affect the performance of the enterprise. That is why modern studies of economic growth emphasise that in the context of the intellectualisation of production, an employer interested in increasing efficiency should perceive an employee not only as an executor, but as a full-fledged partner. The vast majority of researchers consider knowledge to be the central element of human capital, which, together with the ways and means of thinking, allows to obtain the desired results while achieving the set goals and producing new intellectual products (Prytulyak, 2015).

Today, the emphasis is shifting to the concept of "human asset", which encompasses not only education and skills, but also unique talents, collective creativity, loyalty and the ability to form the social and cultural capital of the company (Sveiby, 1998; Coff, 1997). People are viewed as a strategic intangible asset: their well-being, ethical and emotional aspects of work are considered, and corporate policy is focused on sustainable development, inclusiveness and social responsibility. The evolution from "resource" to "capital" to "asset" reflects a fundamental change in economic reality: in the global knowledge economy, it is not the number of people involved that is decisive, but the quality of their knowledge and their ability to create innovation and social value.

If we continue to view employees as a mere "resource", we will treat them accordingly - as something short-term, intended only to fulfil current tasks. Instead, the newest perception of people as capital, and even more so as an asset, allows us to consider them as one of the best investments. That is why leading companies finance the development of hard and soft skills, organise work with psychologists, and nurture corporate culture and staff well-being. The package of "investment in people" often includes gyms, foreign language courses, balanced workplace nutrition and convenient equipment, which both increases productivity and reduces staff turnover. And this signals a move to something new, as horizons are expanded.

A McKinsey study shows that companies that treat employees as assets benefit everyone: from business to the employee and society. In particular, the skills acquired in the workplace provide an average of 46% of lifetime earnings. McKinsey distinguishes four types of companies: Typical Performers, Performance-Driven Companies, People-Focused Companies, and People + Performance Winners (P+P Winners). The latter category combines the best financial results with a high level of talent retention: voluntary turnover is five percentage points lower than in purely "performance-driven" companies, and job satisfaction is significantly higher (Madgavkar et al., 2023). The key to this success lies in combining investment in people with effective organisational capital: sound management practices, streamlined processes and a team culture that transforms a group of talented individuals into a cohesive, high-performing team.

People + Performance Winners (P+P Winners) generate approximately 30% revenue growth for every dollar invested in human and organisational capital. This is significantly higher than companies that focus only on performance or only on people. Performance-driven companies

demonstrate better returns on investment in R&D, Sales & Marketing, however, can improve overall performance by focusing on people and work systems. Human capital is more than just labour: the workplace should be "employee-centric" with coaching, supportive processes and structures that eliminate unnecessary frustration. When employee voices are considered in redesign, it enhances the daily experience at all levels and makes the company more competitive and agile (Madgavkar et al., 2023).

According to Klemash, Neill and Smith (2019), intangible assets, including human capital and corporate culture, already account for an average of 52% of a company's market value. The rapid transformation of the nature of work and the emergence of new generations of employees have brought talent and culture to the forefront of strategic decisions. As a result, investors and stakeholders are increasingly demanding clear metrics and disclosure on human capital management (Klemash et al., 2019).

N. Prytuliak has previously emphasised that humans have ceased to be "an addition to machines". It is the employee, or rather his or her knowledge and creativity, that creates the material and technical, research and organisational foundations of modern production. That is why in the second half of the twentieth century, attention to the formation and efficient use of intellectual resources increased dramatically (Prytulyak, 2014).

Thus, the aggregate data of foreign and domestic studies confirm that companies investing in people and organisational capital receive not only sustainable financial benefits but also a competitive advantage in a fast-moving business environment. Leading researchers and international organisations are increasingly using the term "human capital", and leading companies are building daily processes to make employees feel like assets, not just "staff". The correct positioning from "resource" to "capital" increases the productivity, engagement and loyalty of staff.

Table 1.

Evolution of the employee's interpretation: from "resource" to "capital" and "assets"

Category	Essence	Key difference
Resource	A supply that can be used to complete a task	Focus on short-term consumption
Capital	Resources invested to create added value (Becker, 1964)	Expectations of return on investment
Asset	A "repository of future benefits" is an object whose possession brings benefits over time (Bebeshko, 2020; SNA, 2008)	Ability to transfer value between periods

Sources: Becker, 1964; Schultz, 1961; Sveiby, 1998; Bebeshko, 2020; SNA, 2008.

From a historical perspective, there are three periods:

1. Pre-industrial society. The employee was seen as an easily replaceable resource; remuneration was kept to a minimum, and the employer was not interested in education or health (Melnychuk, 2015).
2. Post-industrial era. The need for skilled knowledge led to the emergence of the concept of human capital (Schultz, 1961; Becker, 1964). Employees have become more expensive to hire and adapt, so the value of their development and well-being has increased.
3. Knowledge economy. Today, companies already take care of nutrition, sports, mental health, and harmony for their employees; the term "human capital" has been used for

more than 50 years. Given the radical changes - from the Internet to remote work - it is logical to recognise people as full-fledged intangible assets (Sveiby, 1998; Coff, 1997).

It is the shift from seeing people as resources to treating them as assets is shaping a new behavioural model in business: systematic investment in knowledge, health and culture is paying off in higher productivity, lower turnover and a long-term competitive advantage.

This trend is confirmed by historical dynamics. From the exploitative (operational) model to the resource model, then to the status of capital, and now to the asset model, when a person is a partner and his or her value is transferred from one reporting period to another (SNA, 2008; Melnychuk, 2015). Of course, the transformation is uneven in different countries: some are still guided by the resource logic, while in leading European countries, such as the Scandinavian countries, we can see that people are treated as a key asset.

The partnership approach is embodied in the concept of social partnership, which reflects a special form of interaction between three key actors of the market economy: the state, employees (through trade unions representing their interests) and employers (represented by business associations). Each of these stakeholders contributes to shaping the country's labour potential management policy, responding to current social challenges, and defining strategic directions for human capital development both at the enterprise level and at the national level. The main goal of such partnerships is to ensure social harmony and consensus. Aligning the interests and actions of the parties helps to reduce social tension, stimulates economic activity and strengthens political and social sustainability, laying the foundation for progressive development. At the same time, the level of labour efficiency directly depends on employee satisfaction with working conditions and their motivation to contribute to the creation of added value for the company (Pryiatelchuk, 2017).

When it comes to human activities, the shift from “resource” to “asset” logic is most evident in the IT industry. Already at the recruitment stage, companies offer extended benefit packages: gym memberships, English courses, health insurance, additional vacation days and flexible working hours; they take care of both mental and physical health (paid sessions with a psychologist, balanced meals at the workplace), organise regular trainings, encourage networking and the concept of lifelong learning, sometimes even count study time as working time and pay for it, in particular with a view to future benefits. This is a significant investment that takes years to pay off. However, it is the long-term horizon that makes them an asset. Every level of the system benefits: businesses get more productive, efficient and loyal teams, employees get better prospects for development and well-being, and the state and society get a boost in human potential.

As we can see, the Human Asset Concept is the most adequate today, as it integrates tangible and intangible values: economic return, innovation, loyalty, culture and ethics. It is based on a win-win logic (Klemash et al., 2019) and considers people to be the most valuable intangible asset, key to competitiveness in the global and glocal world. Corporate values and personal values of employees interact in a two-way process; a team that shares the company's mission forms its sustainable advantage (Prytulyak, 2014).

Despite the obstacles, we can see that contemporary publications are moving towards a wider use of the term “human capital”, and leading companies are making efforts to ensure that employees are real assets for them, not just “personnel” (Madgavkar et al., 2023). This positioning alone increases productivity, engagement, and loyalty.

However, the implementation of the asset paradigm is accompanied by three typical barriers (Table 2).

Table 2.

Key barriers to implementing the human assets concept

Barrier	Essence of the obstacle	References
Resistance to change	Traditional management models focused on control and short horizons slow down the transition to people-centred practices; organisational capital development and a culture of continuous improvement are needed	Madgavkar et al., 2023; Kotter, 1995
Financial constraints	High upfront costs for training, welfare and hybrid infrastructure; return on investment takes several years	World Economic Forum, 2025; IVSC, 2023
Measurement complexity	The intangible return on investment in people is not immediately reflected in financial KPIs; standardised HCM metrics and mandatory disclosures are needed	Klemash et al., 2019; SEC, 2024; ESRS S1 (EFRAG), 2023

Sources: Madgavkar et al., 2023; Klemash et al., 2019.

Theory and practice prove that 'asset' is the most adequate category, because it is a synergy of:

- Integration of tangible and intangible. An "asset" combines economic benefits, innovation, loyalty, culture and ethics.
- Win-win logic. The company, the employee, and society all benefit.
- Strategic status. Team leaders shape competitiveness in the global environment.
- Corporate interaction of values. Employees' personal values influence corporate values and vice versa; the success of sustainability initiatives depends on this.

Conclusions. The study has confirmed that over the last century, the idea of the role of a person in business has evolved from treating employees as mere production resources - an element that can be easily replaced - to recognising and understanding them as human capital, i.e. a set of knowledge, skills and abilities capable of creating added value (Becker 1964; Schultz 1961). The current stage is characterised by further evolution: more companies and researchers view employees as human assets that combine economic, social and ethical value (Sveiby 1998; Coff 1997). The practice of the so-called People + Performance Winners in the McKinsey study shows that companies that systematically invest in people development and improve organisational practices receive approximately a thirty percent increase in revenue for every dollar invested in human and organisational capital, compared to companies focused only on short-term productivity (Madgavkar et al. 2023). In parallel, the market value of intangible assets is also growing: human capital and corporate culture already account for more than half of business capitalisation on average (Klemash, Neill & Smith 2019).

The integration of well-being (welfare, training, mental health and corporate culture, etc.) creates a win-win effect: businesses gain more productive and loyal teams, employees gain development opportunities and a higher quality of life, and society gains increased human potential.

At the same time, the transition to an assets paradigm faces resistance from old management models, requires substantial investment, and is complicated by the inability to immediately measure intangible returns; however, the benefits in terms of a more sustainable business, innovation, and the ability to attract talent far outweigh the risks.

Further research should focus on:

- mandatory assessment of ROI and VOI;
- development of a standardized human asset index aligned with ISO 30414, ESRS S1 and HCM disclosure requirements;

• comparison of the performance of the assets paradigm across industries and countries;

• analysis of how the reflection of people's costs in financial statements affects the value of companies;

• deeper study of the synergy between human and organisational capital and its role in times of crisis in the context of business sustainability.

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ЗМІСТ

ПОЛІТИЧНІ ПРОБЛЕМИ МІЖНАРОДНИХ ВІДНОСИН

Olena Koppel, Olena Parkhomchuk
ARTIFICIAL INTELLIGENCE AS A TOOL OF POWER IN INTERNATIONAL RELATIONS…..…….... **4**

Yuriy Romanenko
EXPERIENCE OF USING VISUAL ANALYTICS OF ACCESSORIES AND JEWELRY IN IMAGE BUILDING (PART 1) ……..……...…...…. **12**

Kseniya Denysenko, Galyna Mingazutdinova
THE EVOLUTION OF SOFT POWER IN THE FOREIGN POLICY OF THE UNITED STATES……...……..……...……...….. **23**

Mykola Kapitonenko
THEORY AND PRACTICAL MECHANISMS OF SECURITY GUARANTEES.....….……... **30**

Hazra Sharmistha
VISUALIZING THE SYRIAN CRISIS: FIRST-PERSON DOCUMENTARIES AS TOOLS OF VISUAL GLOBAL POLITICS……. **38**

Oleksii Valevskyi, Inna Valevska
CIVIL SOCIETY IN UKRAINE: TRANSFORMATION IN THE CONTEXT OF EUROPEAN INTEGRATION AND WARTIME CHALLENGES……...…….…… **48**

Volodymyr Mazurok, Tetyana Sydoruk
POLICY OF COLLECTIVE WEST ON MILITARY ASSISTANCE TO UKRAINE……...…….……...……...…**60**

Mykola Doroshko, Oleksander Alieksiejchenko, Inna Voloshenko
HOW POST-SOVIET COUNTRIES CAN OVERCOME THE COLONIAL PAST: THE UKRAINIAN EXPERIENCE……...……..……...**69**

Olena Kovtun, Kyrylo Havlakov
UN SECURITY COUNCIL REFORM: THE G4 MODEL'S PROSPECTS IN THE CONTEXT OF POLITICAL POLARIZATION……...…….……..……...**76**

Andriy Subotin
ANALYZING THE INTERNATIONAL SYSTEM USING GENERAL SYSTEM ONTOLOGY CONSIDERING THE GLOBAL DEMOGRAPHIC TRANSITION AND THE LAST DECADES OF GLOBALIZATION……...……..……....**85**

СУЧАСНА СИСТЕМА МІЖНАРОДНОГО ПРАВА

Maryna Medvedieva, Olga Matiushyna
CLIMATE REFUGEES AS A CHALLENGE FOR THE LEGAL SYSTEM AND POLICY OF THE EUROPEAN UNION……...……..…….……..**93**

Olexandr Vygovskyy, Volodymyr Lehenko
LEGAL REGULATION OF VIRTUAL ASSETS IN THE SWISS CONFEDERATION.……...…...……..**101**

ОСОБЛИВОСТІ РОЗВИТКУ СВІТОВОГО ГОСПОДАРСТВА ТА МЕВ

Iryna Shevchenko, Oleksii Lytvynov
MANAGING SUSTAINABILITY IN HIGHER EDUCATION: THE IMPACT OF INTERNATIONAL ECONOMIC RELATIONS ON INSTITUTIONAL STRATEGIES……..…**106**

Granchak Mykhailo, Pryiatelchuk Olena
THE ROLE OF EXTERNAL CONTECT IN THE M&A TRAJETORU OF UKRAINE'S IT SERVICES INDUSTRY……..……..…**117**

Valerii Yakubovsky
ECONOMIC MECHANISMS OF ENVIRONMENTAL MANAGEMENT: EVOLUTION AND CURRENT TRENDS WITH PROSPECTS FOR UKRAINIAN REALITIES ……... **129**

Oleksii Chugaiev, Nataliia Reznikova, Volodymyr Panchenko
HEALTHFLATION: HEALTHCARE SECTORS HOSTAGE TO MACROECONOMIC INSTABILITY AND COST OF LIVING CRISIS…...……..……**143**

Olha Yatsenko, Oleksandr Iatsenko, Anna Sysoieva, Oleg Sigodzinskyi
GLOBAL TRADE POLICY IN THE MEDICAL DEVICES AND EQUIPMENT SECTOR: CASE STUDIES ON TRADE-DISPUTE ANALYSIS OF ORTHO-K LENS IMPORTS FROM SOUTH KOREA TO THE EU……..……..…**158**

Olha Kyrychenko, Mykola Kyrychenko
BUSINESS STRATEGIES OF TOURISM ENTERPRISES IN THE CONTEXT OF GLOBAL COMPETITION……..…….**168**

Vasila Mohsumova
THEORETICAL COMPARATIVE ANALYSIS OF PUBLIC ADMINISTRATION MODELS……..……...….**175**

Valerii Kopiika, Serhiy Borysov
CROSS-BORDER MERGERS AND ACQUISITIONS: CHALLENGES OF TRANSNATIONAL MANAGEMENT AND THE UKRAINIAN WARTIME CONTEXT..……..……**183**

Olena Pryiatelchuk, Oles Naida
HUMAN CAPITAL AS A FUNDAMENTAL INTANGIBLE ASSET OF INTERNATIONAL BUSINESS……..……**192**

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