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LEGAL AND POLITICAL AFFAIRS COMMITTEE

REPORT*

“The Role of Parliaments in Enhancing Economic Security in the BSEC Member States”

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I. INTRODUCTION

1. Recent geopolitical and geo-economic developments in the world, paralleled by new vectors of vulnerability created by the pandemic, digital transformation and climate change pose intricate challenges to states and regions. Economic security increasingly influences general politics and determines the nature of relations among states, including competition for markets, resources and routes for their delivery. These developments have made national economic security a topical theme in policy discussions at various levels and required a rethinking of economic security, with a view to adjusting the economic dimension of multilateral cooperation.

2. States, through their institutions and political commitments, protect national economy and the society against systemic shocks and risks. The economic security and predictability enable citizens to adapt to modern realities, create new business models and structures and invest in their future activities. It is important to encourage innovation, digital transformation, development of artificial intelligence and automation. The economic burdens and economic shocks increase the support to governmental policies that buffer relevant risks and expand social protection systems. Elaboration of economic policies, including the implementation of mechanisms that enhance supply of critical resources and enhance social protection, constitute a priority in the process to recover the progress towards the 2030 Agenda for Sustainable Development.

3. Economic security constitutes a protean concept and means different things, to different countries, in different circumstances and facing different contingencies. Addressing economic security problems requires improving effectiveness and accountability of the public institutions. Today economic security becomes a key responsibility of a state and its institutions. Therefore, the priority task of the politicians is elaboration of adequate policies that reduce vulnerability, prevent deterioration of living conditions, and boost self-sufficiency.

4. The global coronavirus pandemic highlighted the economic risks and vulnerabilities of economic interdependence in securing supply of critical goods and ensuring a smooth management of global supply chains. This has prompted policy adjustments by governments and enhancement of their political commitment. The legislative support of the parliaments, through enacting the adequate legislation, strengthens the process to adapt to the emerged circumstances and maintain the decent levels of social safety and economic security.

5. Taking into account the fact that at present, the economic security is the key to enhancing national security, improving the quality of life and securing a progressive development, the 60th Meeting of the PABSEC Legal and Political Affairs Committee decided to take up “The Role of Parliaments in Enhancing Economic Security in the BSEC Member States”, as the main topic of its 61st Meeting.

6. The PABSEC has attached a particular importance to the various aspects of economic security issues and the legislative support in this area, as a precondition for enhancing the economic development of the Member States. The PABSEC has adopted relevant recommendations: “The fight against poverty in the BSEC Member States” (74/2003); “Improving social, economic and civil rights of people with disabilities” (77/2004); “Improvement of the quality of life in the BSEC Member States” (100/2007); “Social cohesion within the BSEC Member States: contribution to political stability” (103/2008); “The impact of globalization on the social policies of the BSEC Member States” (106/2008); “Migration in the BSEC Member States: social and cultural aspects” (109/2009); “Social Welfare Reforms in the BSEC Member States” (130/2012); “Role of

Parliaments in Strengthening Legislative Framework for Economic Growth and Social Integration” (156/2017) “Unemployment in the BSEC Member States. The Role of the State in Facilitating Job Creation” (172/2019); “The Role of Parliaments in Combating Pandemic – Legal and Political Aspects” (177/2020).

7. The present Report focuses on the important role of the parliaments in enhancing economic security and social welfare in the BSEC Member States. Contributions to the Report were received from the national delegations of the Republic of Albania, the Republic of Bulgaria, the Hellenic Republic, the Republic of Moldova, the Republic of North Macedonia, Romania, the Russian Federation, the Republic of Serbia, the Republic of Türkiye and Ukraine. Reference material was also obtained from the official websites of the UN, the EU and other relevant international organizations, such as ILO, the Council of Europe, the World Bank, etc.

II. GLOBAL ECONOMIC TRENDS AND ECONOMIC SECURITY IN THE BSEC MEMBER STATES

8. Globally, in the context of the growing risks, including the geopolitical tensions, the consequences of the COVID-19 pandemic, the climate change and digital transformation, the political decisions place a greater focus on the challenges imposed to the economic security. In responding to the crisis, the politicians have the crucial opportunities to reverse the potential economic insecurity and rebuild the political trust. The policy actions taken to meet these challenges in a long-term, are better set up to apply the necessary conditions to encourage sustained improvements in labour and capital productivity and thus a high and rising standard of living for citizens, including the maintenance of a fair and dynamic business environment conducive to innovation, investment and sustainable economic growth.

9. The more sustainable and predictable the economic system is, the more viable the economy is, and therefore the assessment of its security is higher. The violation of the proportions and connections among the individual components of the economic system leads to destabilization, carries internal and external threats to the individuals, to the state and to society and brings uncertainty. The influence of the risk factors on the level of economic security is significant and often has a political dimension. That is why every state strives to realize its political, economic and social objectives, in the framework of an integrated work of different branches of government and societal stakeholders.

10. The economic security is seen as a state of national economy, in which the foundations of the economic development are protected and guaranteed. The economic security of a country is ensured by the efficiency of its economic system. Strengthening economic security is a priority for each state and it is based on the implementation of a long-term economic policy on a wide range of issues, diversification of the economy, increased production potential and added value.

11. A serious threat for the economic security is the level of corruption in the country, which leads to economic decline and political instability. The level and the extent of the corruption hinder economic development, have a negative impact on the investment climate and reduce the credibility of countries. In conditions of rampant corruption, government structures lose confidence and there is a decline in the development of society. Therefore, overcoming corruption is one of the main directions of state policy. In the modern world, the efforts to strengthen the fight against corruption are ongoing and are constantly being improved. In this regard, combatting corruption is a top priority for the countries of the region.

12. One of the major security aspects of the economic policy of each state is the reliable supply of critical goods. The severe disruptions to the global markets have exposed vulnerabilities to the security of the raw material supplies which are critical for the industrial production. In the era of digital and green transformation and changing geopolitical conditions, it is necessary to identify in a timely manner, which key commodities can become scarce and stimulate the processing of raw materials. It should also encourage the storage of critical and strategic raw materials at enterprises and, if necessary, involve the state to diversify supplies.

13. Climate change is one of the biggest threats to the stable economies. The water and food insufficiency, exacerbated by the climate change, hinder the economic security and generates waves of migration. The negative impact of climate change on water resources and food security is neutralized by the strengthening the political decisions. Timely decision-making is essential to make economies more climate-resilient, through an integrated approach to natural resources planning and their sustainable management.

14. According to the ILO, even before the COVID-19 crisis emerges, over 470 million people worldwide were unemployed, meaning that countless people could no rely on a stable, decent work, to ensure economic stability throughout their lives. The growing labour insecurity and indecent working conditions nowadays, are one of the root causes of rising economic insecurity globally. Employment needs to be promoted to boost economic growth and ensure a more resilient and inclusive post-crisis recovery. Investing in skill development is also essential to counter the loss of human capital that has occurred during the pandemic in order to address the shortage of the professionals in need.

15. The sharp rise in commodity prices has imposed serious challenges to the food and energy supply chains, affecting mainly the vulnerable households in Europe and Central Asia. The severe energy crisis in Europe is sharply increasing the costs of living and hampering the economic activity. In 2022, the gas prices in Europe increased more than four-fold, since 2021. While high commodity prices were one of the risks already identified as potentially disruptive to the COVID-19 recovery, the escalation of the Russia's war of aggression against Ukraine increases the possibility that the commodity prices will remain higher for much longer. In turn, it intensifies the threat of long-lasting high inflation, thereby increasing the risks of stagflation in the majority of the countries. In order to prevent energy disruptions, many countries are reverting temporarily to more polluting energy sources. In addition, the high energy prices and concerns about energy security are also encouraging governments to diversify energy sources and boost investment in renewables.

16. According to the International Monetary Fund (IMF) Report, as of October 2022, the global economy continues to face strident challenges, elaborated by the persistent effects of three influential factors: Russia's war of aggression against Ukraine, a cost-of-living crisis, and the slowdown in China. The latest forecasts of the IMF projects that the global growth in 2022 (3.2 %) will decline to 2.7 % in 2023, with a 25 % probability that it could fall below 2 %. More than a third of the global economy will be negatively affected in 2023 and for many people, 2023 will feel like a recession. As reported in the 2022 Poverty and Shared Prosperity Report of the World Bank, almost half (47 %) of the population lives below the 6.85 US Dollars poverty line. As a result of the overlapping shocks of the pandemic and the geopolitical tensions, the poverty headcount at the 6.85 US Dollars per person, per day threshold, is forecast to increase with 2 million people, by 2030.

17. The risk of fiscal and financial policy miscalibration has risen sharply at a time when the world economy remains fragile, and the financial markets are showing signs of instability. Increasing food prices remains the most immediate threat to prosperity, by decreasing the real incomes of the households and undermining the macroeconomic stability. Governments take measures to ease the economic shocks from high energy and food prices.

18. The threat to global food security and extreme weather events, resulting from the climate change, require a strong political will and the development of the international cooperation to keep agricultural markets open, address emergency food needs and strengthen the domestic supply. Despite the progress in the framework of the Black Sea Grain Initiative on the export of grain, from the Ukrainian ports, the problem of providing basic food products to low-income countries still remains an acute problem. Higher cereal prices translated into higher consumer prices for products, such as pasta or flour, as well as edible oil. Moreover, this led to higher meat prices, as corn and coarse grains are used for animal feed.

19. The BSEC Member States have made efforts to create effective policies aiming to preserve employment, help the most affected companies, support enterprises to maintain jobs and protect the unemployed and the most vulnerable social groups. Measures have been taken to facilitate people's access to cash benefits, increase the levels of employment and maternity benefits, among the most affected social groups. Also, different actions have been taken to stabilize the pension system, as well as to increase the incomes of the pensioners, by recalculating them by the end of the previous year, in accordance with the inflation rates.

20. The implementation of the policy guaranteeing the standard of living and income on the medium term, remains among the key priorities of the governments of the BSEC Region. These measures aim at reducing inequality and poverty among people, achieving social cohesion and creating equal opportunities for a full social and productive life, for all social groups. The defining of a poverty line is an essential tool for identifying the poor in society, in order to combat impoverishment and inequalities. Updating the poverty line indicator is a top priority, since this indicator determines payments to support vulnerable groups and the amount of social assistance.

Role of National Parliaments

21. National parliaments, as legitimate representatives of the peoples, bear the constitutional responsibility to protect the rights of the electors. They should elaborate measures to strengthen the economic security, through enhancing the social protection systems and progressively close inequality gaps, in order to ensure that everyone is protected against both systemic shocks and ordinary lifecycle risks.

22. One of the key components of the successful implementation of the national economic programs is the parliamentary support. Adequate political backing, on behalf of national parliaments, is crucial for the joint and effective action, to mitigate the adverse consequences of the crises, on the economies of the BSEC Member States.

23. The important task of the national parliaments is to control the government's activities in the field of solving complex socio-economic problems and enhance their efforts to build comprehensive, adequate and sustainable protection systems that guarantee a decent level of social security, all over the course of their lives.

24. The parliaments have to efficiently identify priority areas for the socio-economic development, based on the principles of public-private and social partnership, in order to

reach the balance between economic growth and sustainable development and ensure economic security.

25. The parliaments have to ensure that the economic security measures are properly designed in order to improve governance, to strengthen the economic growth and social wellbeing and to improve the respective regulatory framework.

26. The parliaments have to elaborate targeted measures, which support the most vulnerable categories and for those where that support would have a significant impact. These measures entail providing on fiscal support on utility bills, to vulnerable low- and middle-income families and special grants to the business sector.

27. The parliaments should actively participate in the ratification of the international instruments related to economic recovery, social protection and inclusive growth and to incorporate these provisions into their national legislation.

28. The PABSEC appreciates the efforts of the national parliaments of the BSEC Member States, in overcoming the current economic and geopolitical challenges, forging consensus around the key measures, to put economies back on track.

Situation in the BSEC Member States

29. Since the beginning of Russia's war of aggression against Ukraine, ***the Republic of Albania*** was affected by the increase in food prices, energy prices and fuel prices. In order to protect its citizens, the government has taken several measures to cope with the crisis. The increase of the prices of gas and oil in the foreign markets influenced the Albanian market as well and created a series of problems. In order to address this situation and due to the emergency, legal measures were determined against entities that exercise their activity in transportation and trading with gas and their by-products. In order to monitor sales and avoid unaffordable prices for the consumers, the Board of Transparency and Temporary Limitation of Wholesale/Retail Prices of Oil and Gas By-products was established, which exercises its powers only in such situations. The board evaluates the prices for the sale of diesel, gasoline, and liquid air gas. The prices are determined by the decision of the Board, which must be implemented by all the companies in the country.

30. The situation created in the food market, due to the sudden increase in the energy prices, brought the need for legal intervention for prices in the domestic market, in order to protect the consumers. Special measures were defined and taken against the subjects whose object of activity is the import and the production of the basic food products, throughout the duration of the special situation in the Albanian market, influenced by the situation in the international market. The law provides the establishment of the Board of Transparency and Monitoring of Wholesale/Retail Prices of the basic food products and other related products, which operates on a list of food products and other related products, to which the special situation applies, creating a protection for citizens and especially for the people in need.

31. In terms of the changes that have occurred in the energy market, in the provision of energy for the needs of the internal market at an unaffordable cost, a law has been adopted, aiming to strengthen the implementation of mandatory measures and rules, in order to reduce the consumption of electricity. It is designed for public and non-family customers, for private customers during the state of emergency as well as determining some measures for financing family customers to save electricity, by financing projects for the installation of the solar panel plant for heating sanitary water.

32. The National Assembly of *the Republic of Bulgaria* adopted amendments to the Social Assistance Act (SAA) in December 2022, which continued the transformation of the social assistance system, related with the linking of the social benefits to the poverty line, which started in 2021. Their implementation will ensure a better functioning of the social protection system, as well as increasing the effectiveness of the social protection of the most vulnerable social groups, which need the help of the state, including unemployed people, people with disabilities, children and elderly people and their families. The SAA also regulates the social assistance to foreigners who benefit from temporary protection, to foreigners with a long-term or permanent residence permit, as well as to those who have been granted asylum, refugee status or humanitarian status. The social assistance is implemented by providing one-off, monthly and/or targeted allowances in cash and/or in kind, for the satisfaction of basic living needs of citizens, where this is impossible to achieve through their work and their property.

33. The main priority of the employment policy in the Republic of Bulgaria is the successful realization of the young people on the labour market. The efforts are aimed at promoting the active behaviour of young people, increasing their employability, supporting their initiative and entrepreneurship, increasing their motivation for work and their successful integration into employment. All activities with young people on the labour market in Bulgaria, are implemented in accordance with the guidelines set out in the new EU Council Recommendation "Bridge to Jobs - Strengthening the Youth Guarantee", which is implemented by a number of state institutions - the Ministries of Labour and Social Policy, Education, Youth and Sport, the National Association of Municipalities, the National Youth Forum, the National Youth Forum, the National NGO "Voice of the youth". In the coming years, an important tool in supporting the young population will be the Human Resources Development Agenda 2021-2027 (HRDA), which has a budget of over 370 million Euro. The support will address the challenges of bringing young people into the labour market and facilitating their transition from education to employment, on-the-job training and subsidised employment.

34. The Personal Assistance Act of the Republic of Bulgaria, in force from 2019, regulates the terms and conditions for the provision and use of personal assistance. The mechanism regulated therein is based on the state-guaranteed financial support, individual needs and personal choice of the beneficiary of personal assistance. The "Personal Assistance" mechanism has a beneficial impact on the income of the population in times of crisis, by creating jobs, mainly for unemployed and inactive persons engaged in caring for a family member with disabilities. The implementation of this measure is very useful in small settlements, which are usually characterised by limited employment opportunities and a shrinking labour market. The mechanism has a dual effect, as it can be used as a source of additional income for the user's family and thus stimulates independent living, by people with permanent disabilities.

35. The main priorities of *the Hellenic Republic*'s government in addressing the biggest international energy and inflationary crisis of recent decades are the continuation and strengthening of measures to support society, in combination with the achievement of fiscal balance and the maintenance of the country's growth path. The main feature of the crisis is the erosion of citizens' incomes, which is leaving a clear imprint on the growth dynamics of all countries, including Greece. The main priorities of government policy are ensuring existing fiscal responsibility; the implementation of interventions to address the economic impact of multilevel crises, the continuation and strengthening of tax reductions for households and businesses, in particular for the middle class, support to the disposable income of citizens with strengthening the social housing. Similarly, the Guaranteed Minimum Income (GMI) is a tax financed welfare programme that is

addressed to households living in extreme poverty and complements the policies to tackle poverty and social exclusion. In a similar manner, a National Mechanism for designing, monitoring and evaluating social inclusion and social cohesion policies was established and it contributes to the design of local policies, taking into account local needs, horizontal national policies and policy gaps.

36. Since the summer of 2021, there has been a significant increase in energy prices due to a combination of economic and political and geopolitical factors, which was decisively exacerbated by Russia's invasion of Ukraine and the subsequent EU/US sanctions. As a result of that, Greece has put forward specific proposals to address high energy prices and has taken measures at a national level to support the energy sector and energy consumers. In consequence, in September 2022, new measures and new actions were implemented. First, an important change was introduced on the electricity prices subsidy scheme, in order to give incentives to consumption decrease and second, the web platform of the "Elektra" program is aiming to upgrade the energy performance of public buildings to at least energy class. Moreover, new measures were taken in order to decrease gas and electricity demand and to promote further renewable energy production.

37. In addition, a critical factor for establishing an appropriate business environment that ensure economic development is to put forward a legal regulatory framework in order to reduce bureaucratic and other obstacles. In this framework, a major regulatory reform is underway in Greece, aiming at simplifying licensing procedures and consolidating a coherent institutional framework for the licensing and supervision of all economic activities. In addition, a legislative regulation was introduced that established the mandatory introduction of a price adjustment clause in the contract documents and defined the mathematical formula applied for the price adjustment.

38. The year 2022 was marked by the increase of prices, Russia's war of aggression against Ukraine, perturbations of the supply chains, which negatively impacted the economic security of *the Republic of Moldova*. Moreover, the year 2023 is marked by a severe drought that compromised a good part of the vegetal production, with the implicit effects on the livestock, consumption prices, exports, raw material supply in the food industry, etc. The Gross Domestic Product (GDP) diminished by 10,3% the 3rd term and by 4,1% in 9 months altogether. The amount of investment in fixed assets diminished by 9,2%. At the same time, investments funded from internal loans continue to rise (+20,1%), however at a more moderate pace than previously.

39. With a view to creating favorable conditions to attract investments in Moldova's economy and to promoting efficiently the exports of local goods and services, the Ministry for Economy of the Republic of Moldova drew up strategic documents reflecting the state's view of this sector's development. Special attention shall be paid to policies meant to attract investments in export-oriented sectors of the national economy that have priority and are capable of ensuring innovations, to know-how transfers, high added value and the creation of efficient technical and economic infrastructure. Through the agency of the Organization for the Development of Entrepreneurship (ODA), a series of support programmes were adjusted to eliminate bureaucracy and introduce full online access to such programmes: Forming and developing entrepreneurial abilities through continuous training and Public dialogue development; the Programme for digital transformation of small and medium enterprises; the Pilot programme for the creation of multifunctional industrial platforms; the Programme for the support of digital innovations and technological start-ups; the Programme for the greening of small and medium enterprises. Further on, the Ministry for Economy of the Republic of Moldova is making efforts to develop the entrepreneurship, in order to ensure the continuity of programmes

supporting this sector and to increase the competitiveness of SME, thus envisaging the sustainable development of the national economy, including by supporting the business community and raising the living standards of citizens.

40. With a view to supporting economic agents to pay their natural gas bills, the Moldovan Commission for Exceptional Situations adopted a Directive introducing the compensation of natural gas consumption for the period of January-March 2023 for non-household consumers. A mechanism for the compensation of interest rates on bank loans and/or non-bank investment loans granted to small and medium enterprise (Government Decision no. 780/2022). The purpose of the mechanism is to support SMEs that have taken out investment loans from creditors from the Republic of Moldova, in the context of the tightening of the monetary policy and the rise in price of national currency financial resources for the business community, as a result of the accelerated increase of the interest rate on credits, generated by the increase of the basic rate of the National Bank of Moldova.

41. The system of social protection in *the Republic of North Macedonia* is regulated by the following main laws: Law on social protection, Child Protection Law, Law on social security of the elderly, Family Law and Law on employment and unemployment insurance. These laws provide most social protection rights for the citizens, such as: guaranteed minimum assistance; compensation due to disability; compensation for assistance and care from another person; salary compensation for part-time work; children's allowance; infant allowance; education allowance; social pension; monetary compensation in case of unemployment.

42. The measures, supporting the citizens and the business during the health, economic and energy crisis, made it possible to protect the standard of living of citizens and the liquidity of the companies. The state brought a new set of measures to deal with the energy and price crisis, worth over 350 Million Euro, the economic impact of which is expected to be even greater. After deep and long consultations with experts, with representatives of employers, associations of pensioners, with representatives of Chambers of Commerce, the measures literally covered everyone. Also, targeted measures have been adopted to support the most vulnerable citizens, which is also a recommendation of the international financial institutions. With the rebalancing of the budget, the measure for the preferential tax rate of 5% for the sale of electricity to households, was extended in order to mitigate the price impact of the rising price of electricity on the world markets. The Program for energy poverty has been elaborated and covers 4,000 families. It provides them with reduced bills for the consumed electricity. With this measure, each family is individually donated with almost 200 Euro per year.

43. Another important measure constitutes the financing of the municipalities dealing with energy efficiency projects, through favorable loans. Companies are exempted from paying the value added tax when importing natural gas and electricity. Favorable loans for investments in energy efficiency and renewable energy sources are provided to support the companies. Starting from april 2022, the market price of electricity has been subsidized by 80%, which means that 611,000 households and 72,000 small consumers have got five times lower electricity bills, subsidized by the state. Funds are also provided for the growth of pensions, for supporting vulnerable categories of citizens, for the growth of wages, in certain activities in the public sector, for companies to support the growth of wages in the private sector, for the farmers for higher yields. In this way, equally, and by supporting individual social and economic segments, in addition to supporting those who need it the most, the country maintains the macroeconomic stability. The designed set of measures provides support to the public, educational and

health institutions. Thus, the primary and secondary schools are included in the regulated electricity supply market, which ensures a continuous and uninterrupted educational process. The government also provides favourable consulting support for the development of projects and studies in the field of investments in energy efficiency and renewable energy sources, in order to facilitate the access to capital.

44. **Romania** is constantly adapting its legislation so that the population and the business environment benefit from the measures necessary for the security and economic development of the citizens. Moreover, the Covid-19 pandemic, the Russian military aggression against Ukraine, the energy crisis and the increase in inflation, determined the adoption of measures aimed both at the economic environment and for the population, according to the situation at national level and to the needs of the labour market, in order to maintain the jobs in the affected economic sectors and to prevent the increase of unemployment. The Russian military aggression against Ukraine has generated direct effects on the activity of the employers in Romania, who concluded commercial contracts with economic operators from Ukraine, the Russian Federation and Belarus, by interrupting the flow of raw materials (import-export) and transit through all transport routes (to/from the Russian Federation, Ukraine, Belarus), as well as indirect effects, through disruptions in the supply chain, distribution of raw materials, etc. The Romanian government has established social protection measures for employees, by granting technical unemployment to employees of employers, directly or indirectly affected by the impossibility of carrying out transactions with economic operators from Ukraine, the Russian Federation and Belarus, as well as employees of employers, subject to international sanctions.

45. Measures to prevent and combat poverty and the risk of social exclusion are part of the general framework of multidimensional actions of the social inclusion process that provides the necessary opportunities and resources for the participation of fully vulnerable people in the economic, social and cultural life of society, as well as in the decision-making process concerning life and their access to fundamental rights. The governmental measures to protect and support vulnerable families and persons, include social aid programme for all families and single people with low or no income, who are in difficulty. Within the National Recovery and Resilience Plan, Romania has undertaken the implementation, in the next period, of the minimum inclusion income reform, in order to prevent and combat poverty and the risk of social exclusion, by guaranteeing a minimum income adequate to each person in difficulty.

46. Different state programs, mechanisms and measures were adopted by the Government of Romania in 2022, aiming to protect and stimulate the business community. The state aid scheme for investment grants, to the manufacturing industry, aims to support enterprises, by awarding grants for an initial investment or for an initial investment in a new economic activity, in several sectors. The total estimated budget of the State aid scheme is equivalent of 300 million Euro, for the period 1.09.2022-31.12.2023. The aid scheme for the circular economy covers activities, such as: technology transfer for waste prevention and reduction and resource efficiency, reuse, repair and recycling; development of research/innovation activities, eco-design of products and services promoting the principles of circular economy; setting up and/or equipping and/or upgrading testing laboratories for materials and products resulting from circular economy activities and their accreditation. Another measure to support the business environment is the temporary reduction of working time, intended both for employers and other economic entities that have faced the reduction of production, as a result of the economic crisis, at international level.

47. In order to ensure counteraction to challenges and threats to economic security, crisis prevention in resource and commodity, production, scientific, technological and financial spheres, as well as to avoid a decline in the quality of life of the population in *the Russian Federation*, on 13 May 2017, the Strategy for Economic Security of the Russian Federation for the period up to 2030 was adopted and is being implemented. The Strategy defines the goals, main directions, stages and mechanisms for solving key tasks of the state policy in the field of ensuring economic security. In order to counteract illegal sanctions pressure on the Russian Federation, support economic entities and ensure the financial stability of the system, work has been carried out to improve budget law, including measures for the effective management of the structure of the public debt. The legislation on taxes and fees has been modernized in order to form additional sources of revenue to the budget system to fulfil social commitments, develop key industries, and stimulate domestic production; securing additional guarantees and benefits for participants in a special military operation and their families; and the incorporation of new territories into the Russian tax system. Various socio-economic spheres have been regulated in the context of unfriendly actions of foreign countries and international organizations, including through the elimination of risks in the field of pension, social insurance, medical care, and the provision of medications.

48. A package of laws was adopted to support business enterprises and stimulate investment activity for the creation of new industrial production, as well as measures aimed at improving legislation on special economic zones and improving the investment climate, increasing access to the use of the special economic zones mechanism for potential investors. Amendments to the Federal Law on the Russian Science Foundation are aimed at developing the most significant scientific and technological fields that are of key importance for the country's security and its socio-economic development.

49. The main target of the Russian social support system is the national goal of reducing poverty. The state is solving the tasks of increasing the financing of social transfers and increasing the inclusion of low-income citizens in social support programs. Since 2018, the national project “Demography” has been implemented, which mainly focuses on the support for families with children, improving the quality of life of elderly citizens, and forming a culture of a healthy lifestyle in the society. In Russia, since 1 January 2007, the Maternity (Family) Capital Program has been implemented. The maternity capital, which is paid at the birth of the second child, and from 1 January 2020, the first child, can be used to improve housing conditions, education allowance, goods and services for children with disabilities, pension savings for mothers. Since 1 January 2023, the transition to a single payment for children is envisaged, which implies monthly allowance related to the birth and upbringing of children. Since 2018, the “Family Mortgage” program has been implemented, allowing families with children to get a preferential loan for the purchase of housing, the construction of a private house or the purchase of a land plot. Since 2021, a new mechanism of state social assistance has been introduced in all regions of Russia - a social contract that provides for assistance to low-income citizens in four areas, depending on their individual situation: job search, individual entrepreneurial activities, personal subsidiary farming and the implementation of other measures to overcome difficult situations. In 2022 about 1 million citizens got the assistance under the social contract.

50. After a strong recovery from the pandemic, *the Republic of Serbia* is facing the negative effects of unfavourable developments in the global and regional environment, including the conflict in Ukraine. Although a strong economic growth of over 4% was recorded in the first half of 2022, in the second half of the year, economic activity slowed down, mostly due to reduced external demand. Significantly, higher costs of energy

sources imports, together with record high prices in the international market, burdened the budget of the Republic of Serbia. As a result of the aforementioned disturbances, economic policy measures were taken with the aim of preserving macroeconomic and financial stability and easing the pressure on the economy and vulnerable categories of the population. Funds were provided for the import of the most important energy sources and the necessary supplies of energy sources, the impact of high food prices and world energy prices on Serbian households and the economy was mitigated, and measures were taken to help the economy overcome interruptions in supply chains.

51. In the conditions of rising food prices and world energy prices, a number of measures were adopted without delay during 2022 in order to mitigate their impact on the population and economy of Serbia, such as: restrictions on the price of basic foodstuffs and a temporary and partial ban on the export of selected foodstuffs; domestic regulated gas prices were unchanged until August 2022, after which the household tariff was increased by 9%; due to interruptions in domestic electricity production, which is hampered by the reduced level of production from hydropower plants due to the drought, the import of electricity at higher prices has increased significantly. In order to reduce the impact on the economy, electricity prices for households were not changed until September 2022, when the tariff and fee for energy from renewable sources was increased by about 9%. A temporary limit on diesel and gasoline margins was introduced. At the same time, import taxes on certain energy products were abolished and fuel excises were reduced first by 20% and then by 10%, with an estimated fiscal cost of around 140 million euros in 2022.

52. In order to overcome possible major external shocks, given the challenges in global economic environment, the Republic's economic plan is supported by a new arrangement with the International Monetary Fund (IMF). The Economic Programme for the period 2023-2024 that was agreed upon with the IMF aims at addressing the short-term and medium-term economic challenges facing Serbia. The aim of the programme is to preserve macroeconomic and financial stability; strengthen the resilience of the economy to the energy crisis by implementing appropriate energy policies and reforms to address the challenges in the domestic energy sector while, simultaneously, protecting the most vulnerable categories of the population, and foster high, environmental, inclusive and sustainable growth in the medium term by implementing comprehensive structural reforms. Although the Serbian economy has good risk management mechanisms (adequate level of foreign exchange reserves, relatively low level of public debt and sustainable external debt dynamics, well capitalised and liquid banking system), the stand-by arrangement has provided another layer of protection that would strengthen performance and resilience of the economy.

53. The social assistance services in *the Republic of Türkiye* have been improved as a result of the reforms implemented in the social field. Within this scope, structural changes have been carried out in social protection policies and implementation for vulnerable social groups, in Türkiye, over the last 20 years. People who need social assistance and services, the poor and the groups who are at the risk of poverty, have been considerably taken under the social protection system. The social assistance system, which plays an important role in social protection and poverty alleviation, has implemented integrative policies within the scope of sustainable development goals, aiming at supporting households at risk of poverty with social assistances, as well as generating sustainable income, by providing them employment. In 2022, in order to increase the purchasing power of the citizens, contribute to increasing their welfare and support the fight against inflation, regulations have been implemented, based on the

needs of the citizens in the field of taxation, for all segments, from workers to farmers, and from tradesmen to industrialists and exporters.

54. The increase that started in the international energy commodity markets at the beginning of 2021, continued in 2022, due to the effect of Russia's war of aggression against Ukraine and supply-side problems. European spot natural gas prices increased 17.5 times, on 26 August 2022, which is a historical peak. These increases in commodity prices have increased energy costs considerably. Despite the costs caused by the significant increases of international commodity prices in natural gas and electricity, approximately 55 percent of electricity and 80 percent of natural gas support was provided to residential subscribers in 2022. In order to keep low the electricity costs of citizens, 11.5 billion TL from the 2021 budget and 11.4 billion TL from the 2022 budget were transferred to the General Directorate of EÜAŞ, which support will continue to be provided in 2023, to support the citizens. In addition, taxes on electricity bills have been declined. The Republic of Türkiye is the third cheapest country in natural gas housing prices and the fourth cheapest in electricity housing prices among European capitals in November. Investments continue to increase the domestic share of resources in the energy sector, in order not to be affected by excessive volatility in international commodity prices and to reduce the share of energy expenditures in inflation.

55. In 2022, bread wheat was sold by Turkish Grain Board (TMO) in order to sustain flour prices at an acceptable level, which will enable consumers to reach bread at more affordable prices, and also with the intent of lowering the expenditures of meat, milk and feed producers and enabling consumers to reach meat and milk products at more affordable prices. TMO sold barley and corn. In order to reduce the costs of inputs for milk producers and enable consumers to reach milk products at more affordable prices, the support given to raw milk was increased, starting from March 2022. In order to decrease the burden of the cost of agricultural inputs on agricultural producers, to minimize the effects of global input price increases and to prevent the yield loss and supply-related inflation in grain products, an additional input support was provided for grain producers, in 2022.

56. Russia's full-scale military aggression has had a very negative impact on the economy of *Ukraine*, becoming a cataclysm of challenges and threats to its economic security. The Russian Federation aggression, starting from 24 February 2022, daily inflicts massive missile strikes on civilian targets, destroying everything that exists in Ukraine, including transport infrastructure - roads, railways, bridges, and airports, killing civilians, including transport workers performing their duties and using the transport infrastructure for the delivery of weapons, including along the route of the Black Sea Ring Highway. The Verkhovna Rada of Ukraine is actively involved in the elaboration of anti-crisis budgetary and debt policy measures, timely reorganization of the country's state budget to military purposes and support to the Ukrainian citizens. During the period of an extremely difficult year for Ukraine, it has been possible to ensure timely financing to all priority budget expenditures (pensions, scholarships, allowances, salaries of doctors and teachers, health care, education, etc.). This was achieved, first of all, due to the international financial support granted to Ukraine, which volume, since the beginning of the Russian invasion in Ukraine (24.02.2022-31.12.2022), amounted to 51 billion US Dollars.

57. During the 2022 Spring International Ukraine Recovery Conference in Lugano, the work of the parliamentary delegations of Ukraine was directed at finding real mechanisms for coordinating the financing of measures for restoration of the state. Parliamentary diplomacy has shown high results in this regard. A number of effective and

important links have been established with the parliaments and governments all over the world. Ukraine welcomed the Decision of the Heads of States and Governments of the EU Member States to provide to Ukraine a macro-financial assistance in the amount of 18 billion Euro in 2023, as well as the provision of additional funding from the United States, totaling 45 billion US Dollars.

58. In the context of the blockade of the Ukrainian seaports, the route of the Black Sea Ring Highway becomes even more important. The coasts of the Black and Azov Seas of Ukraine, are under rocket and artillery fire, from Russian terrorist forces. According to preliminary estimates, the cost of restoration of the destroyed port infrastructure might be 1 billion Euros. It should be noted that about 70% of the exports of the Ukrainian products were carried out by sea (approximately 47 billion US dollars) and also a significant part of the imports. In order to ensure stability, the Government of Ukraine has created the Danube Marine Cluster, including the ports located in the Danube region (Reni, Izmail, Ust-Danaisk). These ports can currently provide transportation of about 7 million tons, although the real needs are about 150 million tons per year. As a solution of the problem of exporting Ukrainian agricultural products, on 22 July 2022, in Istanbul, under the leadership of the Republic of Türkiye and the UN, the Black Sea Grain Initiative was signed. It ensures the export of agricultural products, primarily grain, from three ports of Ukraine on the Black Sea - "Chernomorsky", "Odessa", "Yuzhny", which made it possible to significantly support the Ukrainian economy and reduce food prices around the world. As of the end of 2022 (starting from 1 August 2022), 605 ships left these ports, exporting 15.9 million tons of Ukrainian food to Asia, Europe and Africa.

III. INTERNATIONAL FRAMEWORK AND EXPERIENCE

Regional level

The Black Sea Economic Cooperation (BSEC)

59. The “BSEC Economic Agenda: Towards an Enhanced BSEC Partnership” (Istanbul, 2012) refers to the promotion of the economic and social wellbeing as a major BSEC priority. It constitutes a roadmap that defines the framework for joint actions necessary to give a new impetus to economic growth in the region. It sets the objective of considering the principle of sustainable development within the BSEC Member States, aimed at ensuring the rational balance between economic growth, social responsibility and environmental protection, with the view to further strengthen economic cooperation in the region. Among the main priorities of the Economic Agenda are: pursuing sustainable development; intensifying intra-regional trade and investment; environmental protection; food security and safety; healthcare, etc. Mutually supportive efforts of the member states further enhance economic cooperation in the region and lay down the foundation for stability, social cohesion and overall progress.

Council of Europe

60. The European Social Charter, ratified by all BSEC Member States, is a Council of Europe treaty which guarantees social and economic human rights, including the right to economic security, social welfare and social services. It was adopted in 1961 and revised in 1996. The European Committee of Social Rights rules on the conformity of the situation in States with the European Social Charter, the 1988 Additional Protocol and the Revised European Social Charter. Furthermore, the Council of Europe has defined common European social security standards through international standard-setting conventions, namely the European Code of Social Security, its Protocol, and the European Code of Social Security (revised). These legal instruments provide recommendations by setting standards on the basis of minimum harmonisation of the

level of social security. The ECSR recommends the poverty levels to be considered when assessing integration and participation of people with disabilities, as these are an important indicator of how effective the state is in ensuring that people with disabilities can exercise their rights to independence, social integration and participation in the life of the community. It is also noted that some countries do not have special measures for reintegrating the long-term unemployed, which is a real source of concern, particularly in the context of the current economic situation.

European Union

61. The EU Commission supports the Member States by providing guidance and coordination of the national economic and social policies. via the European Semester process, including related country-specific recommendations, to strengthen the economic and social policies and to invest in public services and social infrastructure. One priority aim is to support the youth employment across the EU and to increase the number of young people in employment, education, or training (NEETs). The “Youth Guarantee” reaffirms the commitment of the EU Member States to set up national schemes through which young people can receive an offer of employment, education, traineeship or apprenticeship, within a period of four months of becoming unemployed or leaving formal education. The European Pillar of Social Rights, endorsed in November 2017, is built upon key principles, based on equal opportunities and access to the labour market; fair working conditions; and social protection and inclusion. On 4 March 2021, the European Commission presented its action plan to fully implement the Pillar, turning the principles into concrete actions for the benefit of EU citizens, while also supporting the recovery from the COVID-19 pandemic. One of the EU targets to be achieved by 2030, is represented by the number of people at risk of poverty or social exclusion, to be reduced by at least 15 million by 2030, including at least 5 million children.

Global level

The United Nations

62. The United Nations has, from its inception, always recognized the fundamental importance of economic security to human well-being. Social security and protection as a basic human right is enshrined in major international instruments such as: The Universal Declaration of Human Rights (1948); The International Covenant on Economic, Social and Cultural Rights (1966); The Declaration of Philadelphia (1944) and Conclusions concerning social security (adopted by the International Labour Conference, 89th session, 2001). The adoption of the 2030 Agenda strengthened the global consensus on the value of policies, as a crucial tool for enhancing significant advancements in human well-being. Under SDG 1 “End poverty in all its forms everywhere”, governments have committed to implement social protection systems and measures for all and to achieve substantial coverage for the poor and vulnerable. The achieved success is measured, according to an indicator 1.3.1, by progress in increasing the proportion of the population covered by social protection systems, and distinguishing children, unemployed persons, older persons, persons with disabilities and the poor and the vulnerable. Other relevant goals is the SDG 3 on health and achieving universal health coverage, the SDG 8 on decent work for all and sustainable economic growth and the SDG 10 on reducing inequalities.

63. The “Global Jobs Pact” elaborates a balanced set of policy measures that countries, with the support of the regional and multilateral institutions, can adopt, to enhance their ongoing efforts to address the global challenges while pursuing economic, social and environmental sustainability. It presents a unified range of policies that sets economic and social protection at the centre of the crisis response. These policies can be

customized to the national and local situations and many countries are already implementing some of them. The "Global Jobs Pact" of the ILO, is a global policy instrument, unanimously adopted in June 2009 and amended in 2022, by the International Labour Conference, with the participation of government, employers' and workers' delegates from the ILO's Member States.

IV. CONCLUDING REMARKS

64. Serious changes in the international arena, increased globalization, strengthening the economic interdependence, digital transformation and global climate change, have led to the expansion of the concept of economic security. The global economy is facing escalating challenges. The labour market conditions generally remain tight, high inflation weakens the real incomes, despite the actions taken by governments to cushion the impact of the disrupted supply chains and the increased prices of critical goods.

65. The elaboration of appropriate timely economic policies and social protection mechanisms, especially in times of economic risks and burdens, aim to ensure economic security, thus support the wellbeing of the citizens and business activity. It is necessary to adjust the economic security to match the challenges of the fastmoving, constantly changing global economy. However, sustainable, long-term solutions require political commitment, confidence-building, accountability and transparency.

66. The economic insecurity affects the economic development, raises tension, creates confidence crisis and generally retards the safety assurances. Political instability and geopolitical challenges are seriously delaying the development of domestic and international economic activities of the countries.

67. One of the key priorities of the successful achievement of economic security is parliamentary support. The adequate political backing is crucial for the joint and effective action, to mitigate the adverse consequences of the economic burdens in the BSEC Member States. The oversight function of the parliament over the activities of the executive branch in solving socio-economic problems contributes to the adoption of comprehensive and sustainable approaches and programs.

68. The BSEC Member States have strengthened their economic and social security measures. However, the current circumstances call for taking comprehensive measures, among which regional cooperation in the field of social and economic policies could be of great value in the process of enhancing the economic security. Cooperation at regional level could envisage exchange of information and good practices, effective policies, training programmes for experts, social partners and NGOs.

69. In the light of the new international environment, states need to cooperate with each other, with regional and global actors and develop, in order to face the challenges associated with new threats to economic security. Therefore, it is important to have a long-term political commitment and responsibility for their implementation. The regional cooperation and building the capacity of the states to deal effectively with the economic challenges, remains a priority. In this context, economic security has become an important, dynamic and complex concept that meets the challenges of the new international environment.