

Kvaratskhelia Murman

*Doctor of Economic Sciences, Professor
Head of the Department of Economics,
Faculty of Business and Social Sciences,
Professor and Chief Researcher,
Invited professor at Ivane Javakhishvili
Tbilisi State University*

GLOBALIZATION AND THE PROBLEMS OF ECONOMIC SECURITY IN GEORGIA

The process of globalization is closely connected with the economic security of the states and concerning the influence of globalization arise a lot of arguable questions. In this connection it is necessary to differentiate the main markers indicating and characterizing the level of security.

Globalization is ongoing process, when state and society become interdependent and determine each other.

Globalization is the result of the deep process of transformation of the modern world. On the basis of this process, the society had to fundamentally reevaluate its values, thus has changed its ideology and transformed different institutions. These changes pushed forward the fundamental basis, being responsible on the security of human beings living on the given territory and one of the bases for this is the economic security.

Economic security is the phenomenon characteristic for the economic security, the economic markers of which satisfy the demands of the constituents.

The level of economy can be assessed according to the main economic markers and figures. One of such indicators is the foreign trade. In the conditions of the open market relations, states always exchange mutually beneficial resources, which nowadays are regulated by the foreign trade. It becomes possible by means of the Export-Import balance.

The next main marker of the state economy security is the level of unemployment. As a result of high level of unemployment the consumer demands decrease and brings the savings deficiency. At the same time all this can result in the increase of the crime level.

GDP index is the indicator, chiefly characteristic for the economy development level of the country. It is the criteria of the level of economy, the important component of which is Import, as well as Export. Besides, it must be noted, that growth of Export especially facilitates the growth of the latter. At the same time, the possibility of the negative influence on the growth of the gross domestic product of the foreign trade relation is real. For example in 2014 the international sanctions being imposed against Russia in connection with the annexation of Crimea, the growth rate of the gross domestic product fell several times, and within 5 years this country lost 5 billion dollars. But it should also be noted that in 2018-2019, as a result of the imposition of sanctions on Venezuelan and Iranian oil by the USA, the demand for Russian oil increased and Russia received an additional income of up to 1 billion dollars.

Risk factors for economic security are always present. To increase its sustainability, the state should become less dependent on foreign trade. This means a positive export-import balance. In reality, we have a completely different picture of Georgia. It is known that one of the main components in the gross domestic product is foreign trade turnover. In this regard, the ratio in Georgia is sharply negative. The percentage ratio is 80/20.

This means that the country mainly lives on imports, which exceed exports by 4 times. This clearly shows the need to strengthen the export substitution policy, which, unfortunately, has not yet been achieved. To solve this problem, it is necessary to replace the foreign product with a quality alternative product. Along with this, it is necessary to diversify the assortment of export goods, so that it does not depend on the demand for a certain type of product.

The issue of economic relations between Georgia and Ukraine is interesting, which is clearly seen in the process of foreign trade. The fact that before the Ukraine-Russia war, Ukraine's share in the trade turnover of Georgia until 2022 was 7% is significant. By the end of the year, it was reduced to 4.1%. If we consider imports alone, then the picture has changed like this.

Its volume amounted to \$279 million, which is 2.1% of the entire import of Georgia. Interestingly, the same figure in 2021 was \$451.8 million. During the war, the share of imports decreased from 4.5% to 2.1%. All this led to the fact that the economy of Georgia became dependent on another country.

It is apparent, that the impact of globalization on the economic security of the state is heterogeneous. On the one hand, the strengthening of relations between the countries should be strengthened, which will lead to the adoption of mutually beneficial decisions. This is clearly reflected in international trade and investment. On the other hand, strengthening of the mutual cooperation implies mutual dependence between states, which will make their economic security more resistant to the influence of other states. In order to mitigate the influence of the states, it is necessary to develop a strategy that will enable Georgia to maintain the main indicators at the required level, independently of the actions of others.