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## **Foreign Economic Supranational and National Interests: Structure and Priorities**

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**Abstract:**

*The author analyzes the framework of concepts and categories of foreign economic national and supranational interests' system, its structure and subject matter.*

*The conclusion is given on the globalized transformation of the system of national economic interests as follows: the genesis is determined by the transition from the national foreign economic interest's prioritization to the quantitative certainty of supranational foreign economic interest.*

*The author establishes that national foreign economic interests act as subjects of the balance for supranational interest, and international legislation (international treaties, agreements, memorandums, acts, protocols, decisions, orders, recommendations, etc.) serve as international balance regulators.*

**Keywords:** *Interests, foreign economic interests, national and supranational interests, priorities, agenda, balance of interests, regulators.*

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## 1. Introduction

The problem of studying the systemic economic categories ‘national interests’, ‘supranational interests’, the formation of tools for resolving the objectives set to government bodies in the running period of global development is caused by the complex, multidimensional nature and inadequate representation of publications on this issue. The Russian and foreign scientific literature is saturated with studies on national, national-state, national foreign economic interests, as well as their basic composition and structure.

Studies representing the philosophical aspect of the problems of national and supranational level from the point of view of management (cybernetics) are of utmost interest. Grinchenko (2018) believes that "the world trend in the development of effective self-government mechanisms in the Humanity framework lies in the consistent formation of: ‘national’ states in the past; their associations i.e. "supranational" (allied) states in the present; the unification of the latter i.e. a promising global management regulator on the Earth in the future". Temirova and Titov (2011) consider globalization processes as objectively integrative ones creating a new institutional supranational environment in the form of international institutions (WTO, IMF, etc.).

Studies related to the existing integration entities implementing national and supranational interests (first of all, the EU) are prevailing in the economic literature (Dolotov, 2015; Vasilyeva, 2017; Yakoviuk, 2012; Achkasova and Pobedinsky, 2013; Zaman and Meunier, 2017; Boldeanu and Tache, 2016). Studies that characterize the contradictions of national interests within the framework of the problems of the EEU have increasingly come out (Baytenova *et al.*, 2015).

Nevertheless, major aspects of the problem of national interests are still insufficiently studied within the economic paradigm: subject matter, conditions and methods of identification, patterns for harmonization and implementation including defining of the objective function of national interest and the quantitative expression of the dominant vector of positive changes in economic and foreign economic policy.

The urgency of the task of revealing the role and mechanisms for the realization of national interests increases in times of changes in the course of economic trends determining, for example, Russia's accession to the WTO (2012); integration process of the Russian Federation, the Republic of Kazakhstan, the Republic of Belarus (Customs Union, the CES 1994-2015), the accession of new members of the EEU (Republic of Kyrgyzstan and Republic of Armenia, 2014- 2015), and the slowdown in the national economy (2013-2018).

## 2. Structure and genesis of ‘national and supranational foreign economic interests’ categories

Due to the formation and functioning of interstate integration associations, unions, groups, associations, integration and disintegration processes objectively generate a new configuration in the field of initiating and utilizing mechanisms and institutions for the interests' realization. National and foreign economic interests as an integral part of the interests' category are realized through approved policies and measures for its implementation.

The objectivity of basing upon the resources of integration associations leads to the fact that the national interests of states undergo systemic transformations due to the impact of key directions as follows: 1) the official establishment and organization of a supranational level of government; 2) closer economic and notably, trade integration with the member states not only of basic, but also of other integration groups. In both cases, the objective of redefining the system of national interests including their external economic component acquires the nature of the systemic economic shift.

*The integration association is based on the transformation of the coordinated functions of state administration into a supranational level* (for example, the EEU, the EU), recognizing the corresponding changes in the system of national interests of the states included in the integration association. Any state determines the significance of an integration association by the possibility of taking advantage special economic and political conditions, including new forms and conditions for the realization of national interests, basing upon the principles and imperatives of foreign trade forms of economic actors' integration as follows: easing of mutual access to markets, labor and capital transfer; minimization of administrative costs for foreign trade operations; development of coordinated positions on the access of goods and services of other countries to the integration association area.

Notable that not in every instance, even with the maximum coincidence of dominant national interests of the integration parties, the coincidence of their forms associated with various groups of carriers of elements of national interests' system could be achieved. In this case, a conflict of interstate (supranational) and national interests is inevitable, and a strategy of searching for mechanisms transforming the conflict of interests into a coherent, consistent form, and the achievement of consensus are required.

Within the framework of the second form of coordinating the national interests of the member states of *associations acting on the basis of international agreements*, states form a pool of their own interests (foreign trade ones, as a rule) and measures to achieve them, i.e the policy involving certain integration association. Likhachev (2015) considers the national foreign economic interests of Russia depending on the degree of Russia's impact on the activities of regional associations, classifying them into 4 groups. The first group is the one with the active role of Russia (CIS, BSEC, SCO), the second one includes associations with full Russia's representation, but its weight in decision-making is moderate (APEC, CBSS). The third group includes

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associations, where Russia is not formally represented, but intermember relations are actively developing (ASEAN, Arab League, etc.), the fourth group includes associations with low intensity of relations, and the dialogue is performed mainly from a political perspective. The author believes that *"there is a common understanding of the need for more active actions to promote national interests in the world market. We could talk about the process of establishing a mechanism for the protection and lobbying of Russian interests worldwide ..."*.

Thus, positioning of Russia on world markets to realize national interests leads to *economic spaces in 'allocated' forms*. Such spaces may not have common borders, but the prospects and significance of interstate cooperation for achieving common goals enshrined in the system of priority national interests provide gradual expanding of national interests' area, especially for large states.

Dolgov (2010) emphasizes that in terms of its content, the category of economic space or 'common economic space' stands between the common market and the economic union in the Balassa's chart (Balassa, 1961). For the vast majority of countries forging preferential patterns of trade and economic cooperation, the building of an interstate economic space appears to be the upper limit of integration, since all further stages are associated with a significant infringement of their national sovereignty. The author highlights the "interstate economic space" and the fact that it is the phenomena where processes connected with the expansion of preferential foreign trade spaces and meeting national business interests are intensified. However, states do not pursue deeper forms of interstate integration like common markets and economic unions, since it is necessary to initiate the complicated process of national interests' linking, as well as the transfer of them to a supranational level. This process could take long, like it is realized in the case of the EU and the EEU.

Thus, the complexity and inconsistency of linking and balancing national and supranational interests, the trend of preserving traditional national state systems of legal support for the activity of state hampers the formation and expansion of supranational relations' systems.

The axiomatic nature and transparency of national foreign economic interests, in contrast to the complex, diffused, sometimes quantitatively poorly defined and not always clear *supranational interests*, lead to the complexities and problems of necessity of political balance and linking of the two types of interests. Economic entities affecting the processes of initiation and interaction of supranational and national interests could pursue and realize corporate interests represented as national-state, but in fact, group and private ones. This aspect of national and supranational interests' transformation has not yet found sufficient coverage in the scientific literature. We need new research, studies, understanding of the processes.

According to the author, the need to apply the principles of a systemic approach to the hierarchical structure of national interests is one of the key objectives of studying national interests. Russian economists presented the original framework and key units of national interests. According to the conclusions of Shakhovskaya and Dneprovskaya (2007), the model of national interests' complex includes seven subsystems as follows: state unit, economic unit, social unit, political unit, ethical and cultural unit, scientific and technological unit, ecological unit. The national economic interests' framework of Shakhovskaya and Dneprovskaya (2007) seems to completely cover the array of national interests, which is essentially identical to the integral social and economic system of the state uniting both the managing and managed systems.

Dedicated subsystems are essential for the state, and thus the authors consider the system of national economic security as an interlink between the state and economic systems. However, it is not easy to identify how the system of national economic interests differs from the accepted industrial and service framework of the economy, and how to measure the correspondence between state development dynamics, decisions, laws and national interests, how to allocate resources in subsystems?

*Thus, national interests seem to be an instrument for allocating resources for the development of the entire system, to be the very link to draw the entire chain, when pulled. Thus, national interests are transformed into an imperative of creative development and determination of priorities regarding durability of the whole system.*

Obviously, the allocation of resources belongs to certain entities reflecting the interests of either society as a whole, or large groups, industries, regions. Therefore, the researchers face the objective of identifying and a detailed consideration of the *subjectivity of national interests*, since it is not rational to ignore the essential feature of interests i.e. their subjectivity. In conditions when it is difficult to identify key stakeholders and beneficiaries of interests' implementation, institutions and mechanisms providing the balance of public and group interests are important. This ensures the stability of the economic system and the state as a whole.

The system of actions and priorities of state authorities, capable of decision-making and authorized for implementing by the society, could disguise true (deep) interests initiated by the strategies of individual economic and political actors. Therefore, the central link in the theory of national interests is the *subjectivity of formation, expression, change, adjustment and control of compliance*.

The result of interaction of the subjects-holders of economic interests appears in various forms, since it is the subjective level of national interests' system that forms the dialectical contradiction of private and national interests. The subjective level of generation, lobbying, promotion and realization of interests, in our opinion, includes collective (public), group and individual (personal) interests. Moreover, the

supranational interests and interests of foreign economic entities represented in the state should be included in this system (Table 1). The presented system of the subjective structure of national-state interests makes possible identifying groups interested in realizing their own interests in the context of decision-making and operational management levels.

The multilevel interlinking and interaction of interests create the carcass, the skeleton, predetermine the stability of the socio-political and economic systems that guarantee the preservation and development of states, but in the case when decisions taken correspond to the balance of interests of the stakeholder groups, and all groups are represented in this balance. The national interests' balance is achieved, firstly, through the activity of dedicated institutions that build up the consistent basis for national, collective and personal interests. Another highlight of ensuring the national interests' balance is the states' culture and cultural customs that have been uniting nations to preserve them.

**Table 1.** *Collective, group and personal interests in the system of global economy's national interests (Developed by the author)*

Economic interests	Initiating and protection subjects	Beneficiaries	Interests' implementation frameworks
<b><i>Collective (public), group and individual (personal) interests</i></b>			
State	Groups affecting the key decisions, authorities	Government and citizens	State institutions; legislative and executive activities; strategies of foreign trade activity; protection in world markets
Industrial	Large enterprises, industry associations and unions	Entrepreneurs, companies' employees	Lobbying; individual support; privileges; preferences
Regional	Groups of multi-industry companies in the region	Entrepreneurs and citizens of the region	Standing up for the interests at the national level, lobbying at the federal level, financial intergovernmental relations
Public associations and unions	Parties	Public groups	Legislative and public activity
<b><i>Supranational integration interests</i></b>			

Industrial	Industrial associations, large enterprises	Owners, employees of enterprises, the host state	Interstate institutions: regulations and standards of integration associations, mechanisms for coordinating decisions and resolving disputes
<b><i>Economic interests of international entities operating within the Russian market</i></b>			
TNC, MNC, large and medium enterprises	National lobbyist organizations, banks, governments, industry associations	Owners, employees, the host state	International and national institutions of advocacy

Both globalization and regional foreign economic interactions of national entities complicate the search for the balance of interests' methods and require the modernization of their linkage system in the context of external economy.

### 3. Conclusion

Thus, the conclusions and proposals are made as follows:

1. The role of economic interest is transformed, and the subjectivity of this category is modified in the context of globalization and expansion of international exchange borders, sophistication of intersubject foreign economic relations according to the international law regulations and imperatives.
2. The foreign economic and foreign trade vectors of national economic interests increasingly affects the positioning of states across the world, build up a strategy for the presence of national business entities in world markets. The interest builds up the entrepreneurial frame of actors-participants in the economic process.
3. Dialectical unity of national economic and foreign economic interests is based on universality and interdisciplinarity, interrelation and interdependence. Taking account of global trends, quantitative definition of foreign economic interests' areas forms it as a subsystem of national strategic management.
4. In the era of globalization, the national economic interest tends to strengthen the international i.e. foreign economic nature. The national interest should be considered mainly in the international context, while its external economic element of the national interest (the foreign economic interest) is an essential part of national economic interest category.
5. Multi-leveled interests predetermine the stability of socio-political and economic systems in the case if decisions taken correspond to the balance of interests of certain groups. The balance of national interests *at the state level* is achieved through the activity of institutions with a consistent basis of national, collective and personal

interests within. Another essential method of ensuring the balance of national interests is the culture and cultural customs of states uniting nations to preserve them. *At the international level*, the institutions of interests' balance are represented by international law and international organizations.

6. The sustainability of large socio-economic systems is determined by their flexibility, the effectiveness of balancing the interests of the subjects. Global and interregional foreign economic interactions of national entities complicate the search for the balance of interests and require the modernization of the linking national and supranational interests' system in the context of foreign economy. National foreign economic interests are the units of this balance for supranational interest.

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