

**SECTION 1. WORLD ECONOMY
AND INTERNATIONAL ECONOMIC RELATIONS**

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**POLITICAL AND SOCIAL DETERMINANTS
OF STATE REGULATION IN THE CONTEXT
OF GLOBAL GOVERNANCE REFORMS**

**ПОЛІТИКО-СОЦІАЛЬНІ ДЕТЕРМІНАНТИ
ДЕРЖАВНОГО РЕГУЛЮВАННЯ У КОНТЕКСТІ
ГЛОБАЛЬНИХ РЕФОРМ УПРАВЛІННЯ**

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The global economy is facing critical challenges, and structural reforms in governance can improve economic resilience, accelerate adaptation to new conditions, and help restore sustainable development. The IMF in its report “Global Growth Divergent and Uncertain” (2025) recognizes that medium-term risks to the baseline forecast of global economic growth are shifted to the downside, while the short-term outlook is characterized by multidirectional risks [1]. In 2025 and 2026, global economic growth is

projected at 3.3%, which is lower than the historical average of 3.7% (2000–2019). The forecast for 2025 has been adjusted with an upward revision for the United States, which compensated for lower forecasts for other major economies. Global inflation is expected to decline to 4.2% in 2025 and 3.5% in 2026, with advanced economies returning to their targets faster than emerging and developing countries. It is worth noting that developed economies are returning to stable inflation rates faster due to better institutional mechanisms and greater macroeconomic resilience.

The political and economic aspects of state regulation show that effective communication about the benefits of governance reforms and their focus on the public good is a key tool for reducing social resistance. Raising public awareness and fostering a positive perception of modernization processes helps to strengthen trust in government institutions. Despite the economic expediency of such reforms, society often demonstrates skepticism about their effectiveness and political acceptability, which creates preconditions for the spread of misinformation and misconceptions about their impact. This emphasizes the crucial role of trust as a fundamental factor in the successful implementation of reforms [2].

The IMF states that in the context of “divergent trajectories and uncertainty”, the intensification of structural reforms will require strengthening multilateral rules and cooperation to manage risks [1]. It is important that the European Commission (EC) supports communication and development of reforms necessary for Ukraine's progress towards EU membership [3]. The systematic cooperation between Ukrainian government agencies and EC experts contributes to the development of roadmaps for reforms covering the rule of law, public administration, and the functioning of democratic institutions. These reforms are necessary preconditions for the start of negotiations on the first cluster of the negotiation process and require unanimous approval by EU member states. Strategic policies aimed at launching the roadmap development process mark a new stage in Ukraine's transformation in terms of implementing anti-corruption initiatives, reforming the judicial system, and adapting national legislation to European standards for gradual integration into the EU.

The implementation of the roadmaps should be aimed at strengthening public trust, promoting the principles of integrity and enhancing institutional capacity. Achieving the rule of law membership criteria requires a strategic approach that implies coherence of priorities and a systemic vision of reforms. This includes ensuring financial stability, Ukraine's gradual integration into the EU's internal market, and parallel progress in accession negotiations. The Government of Ukraine has identified priority areas for sectoral integration.

Ukraine consistently synchronizes its economic and social policies with EU norms and continues the process of harmonizing its legislation in line

with the EU *acquis* [4]. The official screening of the compliance of national legislation with EU law under Chapter 30 “External Relations” is an important stage of negotiations on Ukraine's accession to the European Union, reflecting the desire for deeper integration into the European legal and economic space.

Chapter 30 “External Relations” defines the key aspects of foreign policy and economic cooperation with the EU: the EU's foreign policy strategy and humanitarian policy; the Union's common trade policy; mechanisms of autonomous preferential trade measures; peculiarities of regional and bilateral frameworks of common trade policy; approaches to regulating investment flows.

The issue of developing Ukraine's foreign relations in the field of humanitarian aid is becoming more relevant. Despite the challenges posed by a full-scale war, Ukraine not only continues to fulfill its international obligations, but also demonstrates its ability to support other countries [4]. This was made possible by the availability of an appropriate legislative framework and practical experience in the field of humanitarian assistance, which confirms Ukraine's role as a responsible international partner.

The European Commission recognizes that further deepening of European integration is the most effective strategy to respond to growing global uncertainty and economic turbulence [5]. Within the EU, protectionist measures aimed at protecting the real sector and labor markets from the risks associated with global fragmentation allow the consolidated market to strengthen economic resilience and provide a stabilizing influence in the global economic system.

Applying a reasonable monetary policy in the face of “extreme cases” is an extremely important aspect of ensuring macroeconomic stability [6]. The baseline scenario of the NBU's forecast is based on the assumption that sufficient international financial support will be maintained, and that systemic normalization of economic conditions will occur, which will, in particular, facilitate the partial repatriation of forced migrants and intensify investment activity. Inflation is expected to slow down as a result of the NBU's monetary policy measures, the stability of the currency market, an increase in food supply due to the new harvest, a reduction in the fiscal deficit, and a decrease in the intensity of external price pressure. Imbalances in the labor market will have a pro-inflationary effect, but its gradual reduction will occur against the backdrop of slower wage growth.

Pierre-Olivier Gourinchas recognizes that the cyclical nature of the economy requires systematic government regulation [7]. Given this, governments need to improve the balance between budget revenues and expenditures, which will help reduce dependence on external financing and increase economic resilience. A comprehensive approach to fiscal consolidation, including through more efficient tax policy and optimization

of public spending, is a key factor in ensuring macroeconomic stability and minimizing the risks of debt vulnerability.

Concluding, it can be stated that the involvement of reformers and the public in the process of developing governance reforms contributes to their legitimization, increases the level of public trust and ensures the achievement of constructive compromises. Modern structural reforms in the field of governance should be aimed at increasing labor productivity, stimulating innovative development and ensuring financial sustainability [8]. This approach not only contributes to the recovery of Ukraine's economy but also meets the UN Sustainable Development Goals.

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