

The Destiny of Globalisation and the Fate of Climate Protection

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Abstract

The study addresses the question of the future of the circular economy after the economic shocks brought about by the COVID-19 disease pandemic and the energy crisis linked to the war in Ukraine and other phenomena. It is based on the hypothesis that global climate agreements are closely linked to deepening globalisation. The latter is identified here as the most significant economic trend of the late twentieth and first two decades of the twenty-first century. The working hypothesis is that if pandemics and energy crises mark the end of further globalisation or even begin a process of deglobalisation, this could very well threaten the future of climate agreements and the withdrawal of many countries from their commitments. At the same time, the climate agreements are one of the cornerstones of the promotion of the circular economy in developed countries, since it is the commitments made under these agreements (currently, the Paris Agreements in particular) that underpin legislative action to promote the circular economy. At the same time, globalisation is defined as a primarily economic process, the essence of which is to maximise the exploitation of comparative and absolute advantages, in other words, to maximise the efficiency of cooperative links. This means that if the hypothesis formulated is fulfilled, the deglobalisation process must necessarily imply a reduction in the overall efficiency achieved globally. At the same time, the study formulates the hypothesis that the reduction in global pressure to implement the circular economy will be largely substituted by national and regional pressures. However, these will not be motivated by efforts to prevent climate change, but by the need to reduce dependence on global logistics and on the supply of raw materials and components or intermediate goods from countries with unstable access to their own geopolitical objectives for strategic reasons.

Key Words

climate change, COVID-19, energy crisis, globalisation, pandemics

JEL Classification: F62, F64, Q54

Introduction

The basic question of this thesis is: How will the economic and, as a consequence, social, societal and geopolitical crises of recent years affect the processes of introducing and strengthening the circular economy in developed countries?

The study does not set out to answer the question in its entirety, firstly because of the scale of the study, and secondly because the time since the crises in question has been too short and the available statistical data do not provide sufficient support for firm conclusions. The aim of the study is therefore to open up the debate in general terms and to raise some questions for further research.

1. Premises and Hypothesis

The work is based on the following premises.

Firstly, the promotion of the circular economy rests on two pillars. The first is market-based and exists historically. Circularity is promoted when it is the most efficient and economically advantageous solution for business entities. The second can be called regulatory and, although it also has historical roots, it is now primarily the result of social order (social paradigm) and the outcome of political decision-making processes. The first case is merely registered as a fact in the study, the second is the basic matter of investigation.

Second: Since the second half of the 1990s, the main driving force behind the promotion of the circular economy has been global activity aimed at reducing the impact of human activity on climate change. That is, the fight against so-called global warming. This has gradually resulted in a series of international agreements aimed primarily at reducing emissions of risky greenhouse gases.

Thirdly, these agreements were based primarily on the will of the political representations of the developed countries, and their general acceptance by other countries was linked to globalisation. Globalisation (in its modern form in the second half of the twentieth century and the first decades of the twenty-first century) is primarily an economic process that has brought economic benefits to all the countries involved. However, it must be stressed that in many respects the distribution of benefits has been uneven.

Fourth: Although globalization is an objective process whose essence is to maximize the exploitation of comparative and absolute advantages, its course is dependent on political decisions. This essentially means that economically powerful countries can, through their political decisions, influence which other countries will be allowed to participate in globalisation and thus benefit from it and which will not. Thus, participation in globalisation agreements has been a consequence of the (legitimate) fear on the part of many countries that failure to respect climate agreements would be sanctioned by limiting such a country's access to globalisation benefits.

Fifth: Globalization processes were significantly disrupted at the beginning of the third decade of the twenty-first century by the advent of two crises. The first was the pandemic crisis triggered by the spread of the COVID-19 disease (2020-2021), and the second was the energy crisis associated with a significant inflationary wave and linked in geopolitical and ultimately economic terms to the war in Ukraine (2021-2023).

Sixth: Both crises have brought globalisation into question. The pandemic crisis showed the vulnerability of global logistics and relativised the advantage of admittedly very efficient but geographically extensive production chains. The energy crisis, in turn, proved that globalisation is based on trust that states do not use their comparative or absolute advantages to advance geopolitical objectives (and if they do, they do so within certain limits within bilateral or supranational agreements, but do not use disproportionate means to advance their objectives). When the Russian Federation participated in the machinations of the price of natural gas and tried to use the dependence of the developed countries on this raw material as a weapon to advance geopolitical objectives, a new element was introduced into the globalisation formula. Until now, the globalisation

formula has been based on maximising the use of comparative and absolute advantages in relation to logistics and other transaction costs. The development of the years 2021 to 2023 has shown that the strategic risk aspect must also be calculated into it.

Seventh: The two crises have therefore raised new questions about strategic security and opened up the issue of its valuation and the mechanism for including it in calculations of the effectiveness of cooperative links.

Eighth: Globalisation has thus come under a double threat. The first is real, as the pandemic crisis has shown the possibility of a real logistics stoppage, especially over long distances. The second is potential, as the energy crisis has demonstrated the potential for economic blackmail of developed countries by suppliers of raw materials or semi-finished goods or components. It has therefore reopened the debate on the extent to which the maximum free movement of goods, services, people and capital (which is the true basis of globalisation) is possible in an environment where there is a state or states with inherent geopolitical objectives in the economic environment.

From these premises, the following conclusion was drawn:

One of the responses to the war in Ukraine and the energy crisis in the developed countries will be to increase pressure on them to reduce their dependence on supplies of raw materials, components and semi-finished products from other countries, especially those where their geopolitical interests can be assumed to outweigh their economic interests.

On the basis of the chain of considerations described above, it is possible to build a hypothesis: There is likely to be a weakening of the globally agreed pressures for the introduction of a circular economy (in fact, climate protection by reducing greenhouse gas emissions is only ever possible by increasing the share of renewable energy sources, which almost invariably means a strengthening of circularity). However, this does not necessarily mean an overall weakening of the circular economy, since the counter to this trend will be an increase in pressure on circularity at national and regional level. However, this pressure will be directed not only towards strengthening the circular energy economy, but also towards increased recycling, greater material savings and also towards extending the functionality or durability of products.

It can therefore be tentatively concluded that there is a potential for a reduction in international pressure to avoid greenhouse gas emissions, i.e. to combat global warming, on the one hand, but at the same time there is a presumption that this 'fall-out' from pressure on circularity will be replaced by other pressures, motivated by the reduced strategic dependence of developed countries on demonstrably or even potentially unreliable supplier countries.

2. Analysis of the First Three Premises

As mentioned earlier, for some of these assumptions, it is not possible to examine the truth at the moment, because relevant statistical data are not yet available. For others, examination of the truth is not possible as a matter of principle because they are statements of opinion that cannot be proven by standard scientific procedures. Nevertheless, it will be useful in the next part of the reflection on the future of

globalisation to dwell on some of these assumptions and to discuss (if only very briefly, given the length of the study) their explanations and argumentative support.

The first, second and third premises speak of linking the promotion of the circular economy to globalisation. In this passage, we will talk about combating climate change rather than circularity, as this is the primary concern of most of the global agreements reached. However, as is clear from the principle of the matter, reducing greenhouse gas emissions is quite necessarily linked to the introduction of circular practices. This can be very aptly demonstrated by the replacement of fossil fuels by renewable sources. The same is true of energy savings, the promotion of electromobility and other mechanisms that are used to meet the commitments made. However, we will leave aside discussions on whether all these mechanisms are in fact effective and rational, since the assessment of these detailed areas is not the subject of this paper and, moreover, it is not an economic issue.

It is necessary to begin the analysis by noting that the history of global institutions is not a long one for a number of reasons that do not need to be analysed in any great depth. They span roughly a hundred years. In response to the failure of the Great War, the first truly global organisation was the League of Nations in 1920. But its influence on the development of the planet was very partial. Indeed, it was brought to an end by the Second World War, and the organisation's main aim was to prevent just such a clash.

Even the successor organisation, the League of Nations (UN), founded in 1945, has not played a significant role in preventing war. However, it does bring together 193 states, and within it there are a number of diverse organisations and institutions carrying out global activities. Among the economically oriented ones, the World Bank (WB), the International Monetary Fund (IMF) and the International Finance Corporation (IFC) are just a few. Similarly, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO) and the International Atomic Energy Agency (IAEA), among others, are active in non-economic areas. The influence of these institutions in their respective fields of activity is considerable and, it can be said, often quite crucial in their respective sectors. In a very simplistic way, it could be said that while the influence of the UN in what we would call geopolitical and strategic areas is not very significant even after the end of the Cold War, in the economic, social and cultural spheres, it is indeed possible to speak of a largely significant and global influence. There is a certain asymmetry that is essential to the mechanisms for adopting climate transnational agreements.

Indeed, UN soil became the basic playground of environmental and ecological discussions when the United Nations Environment Programme (UNEP) was established in 1972 as an institution aimed at setting common rules for environmental protection. It, along with another UN organisation, the World Meteorological Organization (WMO), established the scientific advisory body, the Intergovernmental Panel on Climate Change (IPCC), in 1988. As a scientific think tank, it is the IPCC that has been a critical technical driver in the conception and enforcement of global climate agreements. The key outputs of the Panel are the extensive publications of the Assessment Reports. (IPCC 2023) These are summaries and analyses of scientific papers on specified topics that have been published in relevant sources since the previous Report. It is worth noting that the IPCC currently has more members (195) than the UN itself (193).

The United Nations Framework Convention on Climate Change (UNFCCC) was agreed in May 1992 and subsequently signed at the Earth Summit in Rio de Janeiro in June of that year. However, it ultimately contained no emission limits or other binding targets. Although a number of developed countries planned to push for more specific wording, only a general framework agreement proved to be viable. It was eventually ratified by 196 countries, plus the European Union as a whole (MZP 1992).

(Only really as an aside, any IPCC or UNFCCC meetings would not be the "most global" event: Qualification for the last football World Cup involved 206 national teams, although Great Britain, for example, quadrupled in the form of England, Scotland, Northern Ireland and Wales.)

The above-mentioned declaratory documents, which did not imply any specific tasks for the participants, were accepted relatively easily. A considerably more difficult situation arose in the following years, when the advanced states (mainly European) attempted to enforce truly regulatory conventions. Thus the Kyoto Protocol, which was signed by 83 states in December 1997, did not really come into force until early 2005. The delay was caused by the considerable difficulties in determining the technical specifications of the Protocol (the mere method of converting the various greenhouse gases into a unit of carbon dioxide equivalent was a major issue). A number of states therefore delayed ratification. In addition, other countries ratified the document but later withdrew from it (Canada) or signed but never ratified it (USA). In total, 192 states participated in the negotiations on the Protocol. Its validity was later extended because the document could not be replaced by a new one, mainly due to the collapse of the negotiations in Copenhagen (2009).

However, constant pressure from developed countries has led to a gradual expansion of the number of states willing to discuss specific restrictions. In fact, there were already some interesting coincidences during the ratification processes of the Kyoto Protocol, such as the key ratification of the Protocol by the Russian Federation in 2004 and the virtually simultaneous change in the European Union's position on the admission of the Russian Federation to the World Trade Organization (WTO). The EU's receptivity enabled Russia to be admitted as a full member of the WHO (2012) after a subsequent eight-year process of gradual harmonisation. Indeed, China's accession to the same organisation (2001) was also accompanied by a change in the country's attitude towards nature protection and international regulation of greenhouse gas emissions.

The Kyoto Protocol, which was enforced with great difficulty, was replaced by the Paris Agreement. It was adopted on 12 December 2015, signed on 22 April 2016 by a total of 177 UNFCCC member states. It entered into force by meeting the conditions (number of ratifications linked to pollution share) as early as 4 November 2016. By February 2021, the document had 195 signatures (194 states plus the European Union as an institution), at which time 190 countries representing together about 90 per cent of the emissions concerned had ratified it.

The shift in globality from the Kyoto Protocol to the Paris Agreements is thus evident. However, there is one more important element than the number of signatories to the document: whereas the Kyoto Protocol gave specific tasks to only a minority of participating states, exclusively developed countries, the Paris Agreement is much more comprehensive in this respect and defines conditions for developing countries as well. However, and this should be seen as very significant, it also means a total of USD 100

billion a year for developing countries, provided by developed countries to support infrastructure investment in non-fossil energy and other areas. Without this fund, the agreement would undoubtedly not have been possible.

Another aspect of the situation is certainly worth considering. At the same time, the General Agreement on Tariffs and Trade (GATT) was gradually being transformed into the World Trade Organisation (WTO). Whereas the GATT was a set of agreements where it was possible to achieve a number of exceptions or to disregard certain provisions, the WTO is an organisation in the true sense of the word. Above all, the Marrakech negotiations in 1994, where the establishment of the WTO was agreed, also saw the anchoring and use of the so-called single undertaking. This subsequently enabled the United States and the developed countries to push forward progress in the areas of services, intellectual property protection and, later, environmental protection. In the meantime, the then 125 countries represented has increased to 164 plus more than twenty countries at various stages of association. Very simplistically, but nevertheless essentially correct, the rule for all members is to accept all commitments (and thus reap the full benefits of membership) or to accept none.

The benefit to developing countries (excluding the BRICS) from their full participation in international trade is estimated at over half a trillion dollars a year for the third decade of the century. (WTO 2023) This is an extremely important item in their GDP generation.

It could thus be summarised that the gradual globalisation of agreements has been accompanied, firstly, by the expansion of the WTO as a key globalising institution, and, in a partial way, by a redistribution of funds from developed to developing countries to support their willingness and, indeed, their ability to engage in emission reductions. However, as we shall see below, the future fate of globalisation is problematic for various reasons. If the importance of international trade to the wealth of other countries (outside the developed world) declines, will this not also mean a decline in the willingness of these countries to pursue climate protection agreements?

3. The Nature of Globalisation (Premises 4 to 7)

The fourth premise concerns the very nature of globalisation, the fifth and sixth the pandemic and energy crises and their relationship to globalisation. The seventh premise then states that the result is the rediscovery of risks that seemed buried with the Cold War.

First, it is necessary to stress the substantive ambiguity of the concept of globalization. It is a highly structured phenomenon with an almost infinite number of manifestations and an absolute surface area of application. It is clearly not possible, precisely because of its very general use, to define it in a standard and reasonably concise way. This often leads to misunderstandings and has a number of other consequences.

Perhaps the most common manifestation of the generality of globalisation is the dichotomy in the assessment of its consequences. This is often manifested by acknowledging the positive economic impacts of the process and noting the negative social or cultural impacts. This is not to say that the opposite assessment is not also common. This is a great confusion, for what is really being said by giving globalisation the credit for growth and the blame for (incidentally) increasing inequality? In essence,

nothing more complex than that the development of the world in the last decades has brought about an economic upsurge and, at the same time, a widening of social differences and social contradictions. In this view, then, the constant use of the term globalisation is really just a cover-up of the fact that almost elementary processes are being described which are not in themselves surprising. This is not to say that globalisation does not have a content of its own - but a discussion of this issue would be extensive and clearly beyond the scope of this paper. For more on the topic, see, for example, Kislinger et al (2023, pp. 87-97).

For the purpose of this paper, however, at least a few comments on the issue are necessary.

The contradictory approach described above would already be found, for example, in McLuhan (1964), who of course does not yet use the term globalisation as such (he does, however, introduce the term global village). His shrinking of the world implies economic bonuses but significant cultural and social minuses. His approach can be described most as cultural anthropology. However, it was Levitt (1983) who came up with the term globalization itself when he tried to describe the economic development of the 1970s. The concept of globalization was thus formulated as an economic concept, although it was subsequently usurped by many other disciplines before economics could define it more precisely. But even these have not been concerned with any more specific definition of the term, which together has led to the fact that now, although science as a whole uses the term globalisation frequently and intensively, it is in fact with a not very clear idea of what the word actually means. Different disciplines have their own practices and practices in relation to globalisation. Hence, the mutual misunderstanding and contradiction between the vision of globalization as a social process, on which more, for example, Ferguson (1992), Robertson (1995), Panayotou (2000), Teeple (2000), Robertson and White (2007), Steger (2010), Scott (2013), or Ritzer and Dean (2019), and questions of globalization as an economic mechanism, for which we can mention, for example, the works of Shangquan (2000), Cainelli et al. (2012), Coulibaly et al. (2018), Fang et al. (2022).

There have, of course, been attempts to bridge these conceptual and factual contradictions and also to explain the anti-globalization backlash, which is in fact difficult for the economic community to understand, since the macroeconomic view necessarily sees primarily the overall and fully demonstrable benefits of globalization. However, the result has often been somewhat trivial and quite general formulations according to which globalisation can be understood as a deepening, widening and acceleration of global relations in all aspects of social life. (Held et al., 2000) The financial crisis of 2007-2009, which unquestionably marked the first really serious shake-up of globalization (however much we might also refer to 9/11), gave a significant impetus to the debate. The efforts of Stiglitz (2017), who analyzed the approach to globalization from the position of its fundamentally positive perception, should certainly be mentioned in this regard, while Piketty (2014) may serve as an example from the rather opposite camp.

Thus, we can summarize the research so far by saying that the term globalization is usually used to denote a completely general process, which in fact has no defined content. (It is no coincidence that Bělohradský (2002) classified this word among "instant disposable contexts".) Realistically, then, globalization is necessarily parceled out into individual fields, and the substance, structure, and mechanisms of these disciplinary globalizations are not only not the same, but not even related, or even similar in most

cases. Of course, it is not possible to prevent, for example, the term globalisation being used in the field of cultural studies, but it should at least be distinguished in which context the term occurs at one time or another. For cultural globalisation is unquestionably something very different from economic globalisation. So, if (for example) at some point in a discussion in the field of psychology we talk about the impact of globalisation on the individual, what do we mean by that? The effects of greater competition in the labour market or the effects of cultural globalisation manifested by (among other things) the abandonment in a given region of traditional relationships and values? Both of these phenomena are clearly autonomous.

Inaccuracies happen at the level of common parlance, at the level of the media and at the level of science. Conceptualisation of the concept is not possible, desambiguation seems to be impossible. It is obvious that the most significant element that unites the various phenomena mentioned is the fact that they take place on a global scale.

This makes it all the more important to ask what the true nature of globalisation actually is.

The basic answer is that it is economic and that all other uses of the term are derivative and, in fact, often confusing.

So let us try to give some brief and concise definition of globalisation, emphasising that it is economic globalisation and that it is the cornerstone of all other global efforts.

As a first source of definition, Wallerstein's (2000, 2013) approach is useful, which actually articulates in psychological terms the notion of capitalism as a system that seeks to maximize profit at all times and in all circumstances. This then leads to the thesis that capitalism will necessarily penetrate all parts of the world, i.e. that it will become global. The neo-Marxist Wallerstein links this to the process of the beginning of the end of capitalism as a system, but this is no longer relevant for the subsequent definition.

To this can be added a second source of definition, which is the ideas of Smith (1776) and Ricardo (1817) and their theories of comparative and absolute advantage. For what mechanisms does capital use to maximize profit? The basic answer is cost minimization, since this is the most general (thus excluding monopolization) way to maximize profit in a market environment. The use of comparative and absolute advantage is, if we choose a sufficiently broad optic, an efficient way to reduce costs. After all, this explains the mutual benefit of foreign trade.

In essence, by simply combining these two now aged thought models, we get a short and snappy definition of globalisation. It says that globalisation is the maximisation of efforts to exploit the potential of comparative and absolute advantages. It would undoubtedly be necessary to elaborate this thesis more thoroughly and to analyse a number of contexts and circumstances, but there is no room for that here. Nevertheless, it is appropriate for the purpose of this thesis to develop it at least partially.

It is inevitable that the potential for comparative and absolute advantages is a variable quantity and that it changes continuously depending on a number of circumstances (e.g. availability of labour, wage levels, but also the level of environmental legislation and the costliness of imposed regulations). The three circumstances need to be formulated separately.

The first is technological change. Technological change does not so much affect the quantity of exploitable potential in principle as it has a fundamental effect on the distribution of comparative and absolute advantage, by shifting it to where it occurs in such concentration and importance that it overwhelms the other elements constituting these advantages (including the organisation of work).

The second element is logistics, logistics availability and logistics costs. Let us imagine a market in which there is some theoretical potential for exploiting comparative and absolute advantages. What makes the potential a truly efficient option are logistics costs and logistics availability. The lower the logistics costs, the higher the volume of comparative and absolute advantages that can actually be exploited. As mentioned, the availability of logistics is also important, where the relationship is then in the form of a direct proportion (the more available, the higher).

If it is true that logistics is getting better and cheaper, and if it is true that technical progress is in principle constant, it should also be true that new comparative and absolute advantages will always be created. This will also mean that business operators (provided that there is political space for this without barriers and artificial cost increases) will continuously seek opportunities to exploit advantages and thus increase their profits. This is precisely the natural pressure to strengthen globalisation.

Hence the third element that needs to be introduced into the globalisation equation. This is restrictive measures. Whether at interstate level or even nationally, there are a number of different measures that are real restrictions on trade and therefore, in effect, always slow down or even stop globalisation. Again, there is an inverse proportionality. The less regulation, the greater the globalisation trend. Simply put, if there are zero regulations, no additional costs will be incurred and the exploitation of potential will be maximised.

At the same time, positive developments in all three areas do not necessarily result in deeper globalisation in the true sense of the word. If, for example (this is a theoretical model), technological progress leads to a leap in automation and robotisation in a particular part of the economic world, this will mean a redistribution of comparative and absolute advantage, but it may not (although it may) lead to greater globalisation. For at some point the shift of advantage will hit the limits imposed by logistics and regulation, and the impact of agency on globalisation in the true sense of the word will be determined precisely when the technological effect is eliminated by other effects.

The 2020-2021 pandemic crisis has attacked logistics. If the availability of logistics is zero, then there will be a zero state of globalisation. Such an extreme is of course impossible, but the pandemic years have shown the vulnerability of globalised production chains.

The energy crisis and the war in Ukraine have shown that it is easy to imagine a situation in which there will be a sharp increase in restrictions and the costs of restrictions. However, sanctions mechanisms and trade bans are only one outcome of the 2021-2023 crisis. The more significant one is the return of strategic risk issues to the whole thinking about trade cooperation, global trade, the free movement of goods, services, capital and people, and other elements of globalisation.

4. Premise Eight: Threats of Globalization

From the previous seven premises, at least in outline, an eighth is drawn, which formulates the idea of the threat of globalisation. This too has a certain deeper background of thought.

Let us say, at least formally, that globalisation is not really tied to capitalism or socialism, nor is it really causally related to any conceivable political order. One need only recall that the so-called socialist camp has been rather desperate to deepen the international division of labour and exploit comparative advantages within its framework. However, in addition to the desperately inefficient logistics, this necessarily alluded to the impossibility of grafting the theory of comparative advantage onto the tree of directive economic management. However, perhaps in response to Fukuyama (1991), who linked globalisation to liberal democracy, it was given a clear ideological label. It follows then that although discussions of globalization should be primarily economic, sociological or psychological, and probably philosophical, they are turning into ideological and political discussions. However, as is well known, the ideological and political debate is not about truth, i.e. bringing scientific arguments and facts, but it is about persuasiveness.

The ideologisation of globalisation is one of the dangers it faces as a process - the reason being that in ideological terms, globalisation is seen as a willed and controlled process. In the ideological logic of such a position, then, if a process is directed, there may necessarily be a possibility of prohibiting it. Thus, there are increasingly strong demands for globalisation to be regulated, harnessed, directed, planned or outright restricted and made impossible by restrictions. It is no coincidence that in many cases such demands refer, for example, to Huntington (1996). The idea of opposing civilizations (cultural circuits) raises the need to protect the economic interests of one's own circle.

Unquestionably, the pandemic and developments of 2021 and beyond have played into this interpretation, and it is clear that strategic risks have become an important element in the further thinking of governments as they attempt to direct the development of their countries.

Let us look first at the pandemic side of things. It has been mentioned that the main feature of this crisis has been the collapse of logistics.

However, as we know from the developments after the pandemic, that is, after 2020-2021, the resumption of foreign trade has happened relatively quickly. We could measure the consequences of the stoppage of global chains by, for example, the fall in GDP, but we will now use a slightly different method. By the end of 2020, global debt had reached \$226 trillion (256 per cent of global GDP). This represented a whopping 28 to 29 percentage points (debt-to-GDP ratio) growth year-on-year. Of course, we could say (quite correctly, technically) that this jump was primarily due to government spending to keep economies going, i.e. that this was an absolutely extraordinary situation. This is true. However, what is this "keeping economies going"? Here is a very simplistic, but actually true, answer: governments and economies as a whole have been paying for losses through debt that have arisen in no small part from the halt in global processes. For while local economic systems did in fact slow down, they did not stop in the true sense of the word - the energy sector was functioning, as was the production of food and consumer goods in general (although there was also retrenchment here), but if we think about the whole situation

honestly, it is indisputable that a very significant part of the economic damage was necessarily attributable to global exchange.

In fact, the fact that global foreign trade in goods (WTO data) actually fell by a relatively small 9.2 per cent in 2020 does not change this. Services, of course, fared much worse (27 per cent), but that is not so important. In 2021, there was an undeniable recovery (growth of almost eleven percent), which even led to breaking the records of the pre-pandemic period. It should be stressed, however, that this is data at current prices; physical volumes are, of course, something else. Growth then slowed to 2.7 per cent in 2022. Expectations for the next period are rather reserved with explicitly below-average growth.

However, the overall data for 2021 and 2022 show that the evolution of foreign trade as such has not undergone a change that would be fundamental. At least not in terms of monetary volumes and global data. Indeed, its decline has been even lower in percentage terms than during the 2008-2009 financial crisis. What is clear, however, is that post-crisis growth has slowed down, which, compared to the 'golden days of globalisation', can be described as really poor. And then there is the creeping but still very noticeable structural change.

For example, transatlantic trade (i.e. with the US) has turned out to be the fastest growing segment of EU trade in regional terms, already exceeding the pre-pandemic level by ten percent in 2021. In contrast, other trade routes have lagged behind in terms of dynamics. The second phenomenon was the partial shift of EU external trade inside the Union as such, i.e. into trade between EU countries.

It can be argued that the reasons are strategic. The shock to producers at the sudden disruption of long-established logistics and production chains has raised questions about how safe it is for a business to exhibit a high degree of dependence on intercontinental logistics.

Above all, it seems quite significant that the real saving grace for trade and the overall economic situation was that there was at least a partial recovery in economic activity and demand growth in the second half of 2020, with the pandemic condition allowing for a relaxation of regulatory measures. Indeed, the WTO's initial estimates of the decline in foreign trade, based on the first few months of the year, had been for a more than 30 per cent annual decline. That this did not happen was mainly due to the fact that the pandemic situation eased in the second half of the year.

The pandemic crisis was followed by the energy crisis and then by the Russian Federation's attack on Ukraine. It is certainly not necessary to describe and recall these events, especially since what is important from our point of view is of a general nature rather than of a detailed nature.

Retrospective analyses of the energy commodities market, primarily gas, have shown that as early as at least 2021, but probably throughout the previous decade, smaller traders controlled covertly by the Russian state giant Gazprom have been influencing pricing on the energy exchange. At first, they were consistently artificially depressed, only to be linked by the combined business tactics of the traders and Gazprom, leading to an extraordinary surge after mid-2021. The destabilisation of the market was already then quite probably linked to the attack on Ukraine in February 2022. Analyses have concluded

that the Russian Federation decided to use European dependence on natural gas as a weapon to discourage European states from supporting Ukraine (Deyermund 2022).

This is probably the biggest blow to globalisation that could be dealt in the modern world. If the developed countries accept the interpretation that they have been long and systematically brought into a state of dependency by being allowed to reap the many benefits of access to a partner's relatively cheap raw materials, it also means, of course, that the developed countries have willingly gone along with the game. For without them this would not have been possible. The liberalisation of energy markets, which has undoubtedly brought extraordinary benefits to consumers, has opened up space for manipulative long-term supplier influence. This brings back into play the debate about the possibilities of liberal economies coexisting with economies that are in various forms state-directed (however this state domination may be artfully disguised).

The fundamental question facing developed countries is therefore: If it may have happened in the energy market that the dependence created by free trade has been abused by a partner, in what other areas and with which partners is something similar happening? There have already been studies on the quite substantial dependence of Europe and, to some extent, of the United States on Chinese products and technologies in the automotive sector. In response to these findings, European countries, and to an even greater extent the United States, have created extraordinary incentives for research and development in the field of renewable energy and electromobility. This is to help eliminate the outflow of technological superiority from developed countries.

In other words, advanced liberal countries have made a conscious decision to engage in a considerable amount of government intervention. What this means in effect, as strong as such a conclusion may seem, is that they have chosen to limit globalisation in a given sector. For in a standard market environment, the distribution of technological change should in principle follow the distribution of profits. The profit generated is the basis for funding science and research, and the results of this activity should be a function of the investment made.

Globalisation is therefore threatened on two fronts. On the one hand, it is clear that excessively long and logistically demanding chains carry risks, despite the fact that they may otherwise be highly efficient. On the other hand, it is equally clear that in a world where there are relevant economic powers ready to use their economic potential to promote geopolitical objectives, it is not possible to have completely free international trade without barriers and restrictions.

5. Discussion of Conclusions and Hypotheses

In the introduction of the paper, the following hypothesis was formulated: although globalisation, as an important precondition for global climate agreements, is likely to fall into crisis and stagnation or even reverse movement, the overall level of circularity and the implementation of a circular economy will not be reduced by this. The Paris Agreements may not be deepened and the fight against climate change intensified, but the pressure to promote circularity within developed countries will be all the greater. As mentioned at the beginning of the study, this paper does not aim to confirm the hypothesis, as the necessary data are not available to do so. However, in the following section we will try to define some topics suitable for further discussion of the hypothesis.

As a basic support for the hypothesis, the following thesis has been formulated: business actors in developed countries and political representations in developed countries will draw certain conclusions from the pandemic and the energy crisis. Some of these conclusions will be enforced directly by business actors, and some will be enforced at the level of policy decisions targeting and influencing the economies of these countries.

There will be a general pressure to shorten logistics chains, as these have proven to be very risky. Expert discussion on this potential response by private actors is already underway, and analyses by specialist companies referring to some specific cases show this (108 Agency 2023, Freedom 2021 and others).

Similarly, there is already an undeniable debate about the steps taken by governments of developed countries towards greater diversification of supply and, in general, towards ensuring a completely new level of strategic security. The example of natural gas probably does not need to be given too much in this regard, as it is a well-known fact. What is less widely known is the large-scale changes in the policies of developed countries, for example, in the area of resource extraction and the facilitation and acceleration of the decision-making processes involved. However, even these have already been sufficiently covered by the general media.

In March 2023, the European Commission adopted a package of proposals to reform the provision of raw materials to the EU economies. Among other things, it calls, for example, for a reduction in the possibility of starting the extraction of strategic raw materials to no more than two years after the application. In addition, a number of very diverse objectives are set, ranging from the financing of strategic supplies to the forced diversification of supplies from third countries. The document also sets out major milestones for the recycling of strategic raw materials (EU 2023).

It is thus clear that one of the reactions to the war in Ukraine and the energy crisis will be to increase the pressure within the developed countries to reduce their dependence on supplies of raw materials, components and semi-finished products from other countries, especially those where their geopolitical interests can be assumed to outweigh their economic interests. Although such countries are not explicitly named. It should be noted, however, that strategic raw materials are only one of the areas for which legislation is already in place or is currently being drafted. Others are the already mentioned automotive industry, but also pharmaceuticals and a number of special products needed in the health sector, new attention is being paid to the food industry and, of course, one cannot ignore the entirely new interest in the issue of military production (including the supply of alloys and materials needed for this production). In parallel, there are discussions on the strategic security of computer and information systems and, for example, a new definition of security for cracking encryption is being developed.

So, although it may not be obvious at first sight, changes have been initiated in developed countries (as it is not really just the European Union) that will affect, to a greater or lesser extent, virtually all important areas of the economy.

Summary

By its economic nature, globalisation implies minimalist government intervention in the economy, especially in international trade. It is ultimately based on the assumption that the growing interdependence of countries will never be exploited politically, let alone

militarily. However, if such abuse begins to occur, then a new element of strategic risk enters the model of exploiting comparative and absolute advantages in relation to logistics and other transaction costs defined above.

Strategic risks necessarily imply costs higher than the previous ones. If we accept the thesis that the principle of globalisation is to maximise efficiency gains (exploiting comparative and absolute advantages, i.e. reducing costs), then any model that assumes that globalisation is limited for strategic reasons must imply increased costs. Clearly, developed countries are trying to counter this by emphasising technological change, which undoubtedly includes an emphasis on increased recycling and other shifts towards a circular economy.

However, the future implications of the changes are far from clear at this time. It is not certain to what extent diversification and strengthening of strategic security will be technically successful, and it is not at all clear whether investments in science and research will really bring acceptable solutions for electromobility.

What is certain, however, is that the changes initiated by the pandemic and the energy crisis will be far-reaching and will affect the lives of everyone in the developed countries to some extent.

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