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Implications for Economic Security of the Three Seas Initiative Countries Resulting from Membership in the International Monetary Fund

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Abstract:

Purpose: *The paper aims to present the results of the studies on the impact associated with the membership of the Three Seas Initiative (3SI) countries in the International Monetary Fund (IMF) on their economic security, especially in financial terms.*
Design/Methodology/Approach: *The Three Seas Initiative was established in 2016 and is just developing its identity. Its future and possibilities of achieving set objectives will significantly depend on the economic capacity of countries, their stability and economic development, and their financial security. The IMF acts to benefit its members' financial security, especially in crises, in various manners. Countries can extend possibilities of obtaining resources by increasing their participation in the organization's decision-making process, and it depends on their financial capacity and decisions made by the country authorities. The research methods used herein primarily comprise the analysis of the IMF's documents and the 3SI and analyze statistical data.*
Findings: *The 3SI countries do not have a strong position in the IMF, and stronger possibilities of influencing this institution's policy exist solely due to the countries' membership in the European Union. The IMF engaged financially in the region to a minimal extent since the countries' security was basically ensured. However, it was active by providing support in counseling, technical assistance, and participation in country authorities' reforms.*
Practical implications: *The paper presents possibilities of cooperation of both parties – the 3SI countries and the IMF in economic security, both in the times of stable economic situation and in economic crises such as e.g., resulting from the global pandemic SARS-CoV-2.*
Originality/value: *Original research.*

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1. Introduction

The Three Seas Initiative (3SI) was launched in 2015 in New York during the United Nations General Assembly, and it officially started operating in 2016. There are 12 member states in it: Austria, Bulgaria, Croatia, the Czech Republic, Slovakia, Slovenia, Estonia, Lithuania, Latvia, Poland, Romania, and Hungary. During previous summits in 2016, in Dubrovnik, in 2017, in Warsaw, in 2018, in Bucharest, and 2019, in Slovenia, the objectives, framework, and forms of cooperation were defined.

The initiative is to support economic and infrastructural cooperation mainly in the scope of energy, transport, and digital communication in Central and Eastern Europe on the North-South axis, create an investment climate for projects by exchanging knowledge, stimulating business initiatives especially in the areas of high potential, e.g., small- and medium-sized enterprises, start-ups and business incubators due to the organization of the Business Forum accompanying official summits (Lewandowski, 2017; Prezydent, 2016; Prezydent, 2018).

During the third summit, the Letter of Intent on the creation of the Three Seas Initiative Fund, initiated by Poland and Romania, was signed, and during the fourth summit, regional investments for the following years were chosen. It was decided that the periodically published so-called Progress Report will be the tool documenting the implementation level of projects from the so-called List of Priority Interconnection Projects. Furthermore, the financial support to the Three Seas Fund was discussed, and as a result, the European Investment Bank issued a declaration on support.

Previous summits of the Initiative showed the need for intensive cooperation among the Baltic States, Central, and Southeast European countries in the infrastructure's improvement scope. The countries do not want to establish a new, bureaucratic entity replacing or weakening the EU or other entities, but to use existing structures to the benefit of better opportunities for the development of countries that in majority joined the EU in 2004.

Therefore, the initiative is intended to be a platform for economic cooperation and measures to improve the region's competitiveness that for many years has been underdeveloped because of past members of most of the countries to the communist bloc.

Despite the short duration of the Initiative, it is clearly visible that it proceeds from making declarations on cooperation to taking practical measures and establishing financial instruments enabling actual achievement of objectives (Lewkowicz, 2019; Kowal and Orzelska-Stączek, 2019). The economic dimension of the cooperation aimed at improving the security level and increasing the power of countries and the whole region is more and more visible.

2. Genesis and Objectives of the International Monetary Fund: The Approach of the Institution to Economic Security

The International Monetary Fund (IMF) is a financial institution initiated in 1944 in Bretton Woods, New Hampshire, in the USA. The purpose of the establishment was to develop the terms and conditions of cooperation on an international scale after the second world war in finances and influence the development of the post-war world economy. This purpose was to be achieved by stabilizing exchange rates, preventing economic crises, regulating the principles of the international monetary market's functioning, and restoring balance in countries' balances of payments in worldwide turnover. The international monetary system's stability, including the exchange rate and international payments system, allowed the countries to conclude transactions, carry out investments, and monetary cooperation on an international scale.

The newly developing monetary system based on the permanent exchange rate system, convertibility of the US dollar to gold, and planned convertibility of currencies of countries in the scope of current transactions, was aimed at counteracting the situation of chaos in international economic relations (such as, e.g., in the 30s of the 20th century), and creating conditions for rapid and permanent economic growth on a global scale.

The IMF was to become the pillar of the developing international monetary system; the entity supervising adherence to the exchange rate rules and applying payment restrictions in member countries (Michałowski, 2008). Over the years, the IMF's policy was evolving from the interventionism of one of the creators of this institution - J.M. Keynes to promotion of economic liberalism (Frieden and Lake, 2000; Oatley, 2011; Carbaugh, 2008).

Over time, areas of the IMF's interest evolved towards the functioning of economies in the times of peace, although not always stable, such as during the oil crisis from the 70s of the 20th centuries the Asian crisis from the end of the 90s, the American financial crisis from 2007+, which in the consecutive years spread globally, or in 2020 during the global pandemic SARS-CoV-2, which infected economies of the majority of countries. For example, in 2012, the IMF mandate was updated, and the area of operations was extended with all issues regarding the macroeconomic and financial sector security influencing stability in the world. Implementation of this task is to be done through three channels, such as: tracking the global economy and member countries' economies, granting loans to countries struggling with maintaining the stability of the balance of payments, and providing members with practical assistance in the financial, counseling, and technical form, or in the form of coordinating international activities. Nowadays, the IMF grants loans to member countries which have actual or even potential problems with the stability of the balance of payments to help them restore foreign exchange reserves, stabilize currencies, enable payments for import and restore conditions for stable and balanced economic growth (IMF, The IMF at Glance, 2020).

Furthermore, the IMF monitors the economic policy of member countries to maintain stability and prevent currency crises on an international scale and supervise the development of the economic situation on the national, regional, and global level via a formal system. It also advises member countries and promotes activities to the benefit of increasing economic stability, decreasing vulnerability to economic crises, including financial crises, and improving the standard of living. Systematically assesses global economic perspectives and publishes them in the form of reports "World Economic Outlook," financial perspectives in the form of "Global Financial Stability Report" and perspectives in the scope of public finances in the form of "Fiscal Monitor," as well as the condition of the largest world economies in the form of "External Sector Report." Moreover, it publishes many reports devoted to regions and related economic forecasts.

The most important duty of the IMF is to grant loans to member countries to maintain economic stability and prevent actual or potential problems with the balance of payments. An additional area of activity comprises cooperation with countries' governments to design and implement reforms of their economic policies and institutions. It also trains decision-makers responsible for finances in countries, aiming to reinforce the economy, growth, and jobs. Adaptation programs are developed in close cooperation with the Fund. The IMF's funds can support them.

The current financial support's size and intensity depend on the effective implementation of the Fund's recommendations. In April 2009, in response to the world economic crisis, the IMF reinforced the credit capacity and approved the thorough review of financial support mechanisms, which led to reforms of the loan activity in the consecutive years. The aforementioned measures improved the set of IMF's tools used in the face of crises by increasing the capacity to mitigate them and avoid the so-called "domino effect" during systemic crises and allowing better adjustment of financial instruments to the needs of member countries (IMF, The IMF at a Glance, 2019).

In 2009 the loan resources available for countries with low incomes significantly increased, and average limits of preferential loans from the IMF's funds doubled. The access limits within non-concessional loans were re-verified and increased in 2016 within the so-called fourteenth review. The zero interest rates within preferential loans, the value of which was increased, were extended until the end of June 2019, and it was agreed that interest rates within the extraordinary financing will always be zero. The above elements were aimed at improving the financial security of countries benefiting from the IMF's support.

Considering the genesis and objectives of the IMF, both the primary ones and the ones added to the catalog of priorities later, the institution's approach to the issue of economic security can be concluded. The IMF itself did not create its own definition of this concept. However, it is visible that it focuses on the financial area of the country's security and, indirectly, also on the population. The assessment concerning the country's economic security is conducted primarily on the grounds of macroeconomic indicators, such as real GDP growth, consumer goods' prices, the amount of the budget deficit and public debt, situation in the banking system. On the grounds of those indicators, their absolute amounts, and trends thereof, the IMF issues recommendations concerning the economic policy and recommends implementing specific reforms. Whereas, as far as the population's security is concerned, it predominantly examines unemployment and analyses the amount of income.

3. Membership in the IMF – Benefits, and Obligations of the States

Currently, 189 countries belong to the IMF. Thus, it should be stated that the IMF is an institution with a global reach. Any country with autonomy in international relations and can meet the conditions set by the IMF's statute can become a member. The country's membership in the institution provides specific benefits, such as:

1. access to the funds not only of the IMF but also other international organizations, such as, e.g., the World Bank Group or regional financial institutions;
2. possibilities of benefiting from programs of reducing foreign indebtedness for the Heavily Indebted Poor Countries (HIPC and MDRI), as well as indebtedness to other financial institutions and specific countries;
3. participation in anti-corruption projects - the IMF refuses to support countries in which improvement of the economy is not possible because of bribery and corruption;
4. Participation in projects implemented on the international arena aimed at counteracting money laundering and terrorist financing.

Participation in the IMF is also related to responsibilities, such as, e.g.:

1. adhering to the rules of affiliation to the selected monetary system;
2. informing on an ongoing basis on the economic situation in the country;
3. presenting stabilizing programs and rules of balancing the balance of payments;
4. adhering to the IMF's recommendations;
5. conducting economic policy aimed at achieving balanced economic growth and stable prices;
6. striving for stabilizing the economy by supporting economic and financial policies based on clear principles, as well as avoiding discretionary activities;

7. refraining from manipulation with the international monetary system and exchange rate in order to gain unfair competitive advantage;
8. regulating the exchange rate policy in compliance with the requirements specified in the IMF's statute.

The organization systematically publishes legal issues related to the IMF's membership (e.g., obtaining and losing the membership), regulations, and changes thereto. The last publication was in 2019 (IMF, By-laws. Rules and Regulations, 2019).

4. The 3SI Countries in the IMF - Position and Significance for IMF

All 3SI countries are members of the IMF. Some of them joined the IMF shortly after gaining independence because of the dissolution of the hitherto specific union to which they belonged (Croatia, Slovenia, Lithuania, Latvia, Estonia), or after the dissolution of the hitherto country which previously belonged to the IMF (the Czech Republic and Slovakia). Poland and Hungary joined the IMF in the 70s or the 80s of the 20th century when they still belonged to the Eastern Bloc, and Bulgaria – in 1990, shortly after transforming into a democratic state.

Austria is an exception as it joined the IMF in 1948, that is, shortly after its establishment thereof, as well as Romania, which joined the capitalist institution in 1972, thus, still in the communist period, however, shortly after Romania's condemnation of the Warsaw Pact's intervention in Czechoslovakia, which had a positive impact on perceiving Romania by Western countries.

The amounts paid by member countries to the IMF's budget depend on the membership period's length and level of the country's engagement in the IMF's activity. It is worth stressing that the number of paid resources has a direct impact on:

1. the amount of assistance that may be obtained in a crisis for direct use or to is kept by the country on its account as financial security;
2. the country's voting power during making decisions regarding the IMF's policy and lending activity (it is possible to gain additional votes by making an additional payment).

Member countries pay the first subscription after joining the IMF, and consecutive fees are paid periodically after revisions of hitherto amounts, on the grounds of the size and position of the country in the global economy and after the presentation of the country's declaration regarding the willingness to engage in the organization's activity (IMF, The IMF at Glance, 2019)[2].

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[2]*Member quotas are the main sources of financial resources of the IMF. The institution systematically conducted so-called reviews of paid amounts. The last review (the 14th*

The largest amounts among the 3SI countries were paid by Poland and Austria (approximately 4 billion SDR each), and then by Hungary and Romania (less than 2 billion SDR). The smallest amounts have been paid by the Baltic States (between 243 and 440 million SDR). As has already been mentioned, these amounts translate directly into the number of funds possible to be obtained by the country and the number and percentage of votes during the IMF's decision-making. These funds also make the IMF's currency accounts.

The biggest voting power among the 3SI countries is vested with Poland (0.84% of votes), Austria (0.81%), the Czech Republic (0.46%) and Romania (0.39%) (IMF Members' Quotas and Voting Power, and IMF Board of Governors, 2020). All 3SI countries have jointly 4.04% of the IMF's votes[3], which is not an impressive result. It proves the small share of countries and all countries of the initiative in the global economy and limited possibilities of influencing the policy and loan activity of the IMF. However, countries' amounts and the possibility of obtaining funds in a crisis constitute a "cushion" or safety buffer of financial security.

From the research point of view, it is worth comparing the percentage share of the 3SI countries and other selected countries, which are important for international economic relations and international security. The United States has the largest share - 16.52%, followed by Japan - 6.15%, China - 6.09%, Germany - 5.32%, France - 4.03%, United Kingdom - 4.03%, Italy - 3.02%, Russia - 2.59%, India - 2.63%, Canada - 2.22% and Saudi Arabia - 2.01%. It means that the United States and some Asian countries, and the so-called "old European Union" countries have the decidedly largest impact on the IMF's financial security.

The whole European Union (27 countries) has as many as 25.55% of votes in the IMF (IMF Members' Quotas and Voting Power, and IMF Board of Governors, 2020)[4], which means that it has the possibility to take care of the security of its countries by influencing the institution's activity. Considering that the 3SI countries have slightly over 4% of votes, it should be stated that membership of these countries in the EU is beneficial from the perspective of countries' financial security within the support offered by the IMF.

review) ended in 2010, and changes to amounts were introduced in 2016. This review doubled quota resources up to 477 billion SDR (approximately 661 billion USD). Additional credit arrangements between the IMF and a group of members and institutions ensured other resources in up to approximately 182 billion SDR (253 billion USD). Furthermore, member countries transferred funds to the IMF's benefit under bilateral loan agreements of a total value of approximately 317 billion SDR (440 billion USD), thus increasing its resources and possibilities of influencing the financial security of the countries.

[3] *Own calculations*

[4] *Own calculations.*

Table 1. *Percentage share of the 3SI countries and other ones in the decision-making process of the IMF in 2020*

Entity	Share %	Entity	Share %
The United States	16.52	Poland	0.84
Japan	6.15	Austria	0.81
China	6.09	The Czech Republic	0.46
EU Member States	**25.55%**	Hungary	0.41
Germany	5.32	Romania	0.39
France	4.03	Slovakia	0.23
Italy	3.02	Bulgaria	0.21
Spain	1.92	Croatia	0.17
Netherlands	1.76	Slovenia	0.15
Belgium	1.3	Lithuania	0.12
Sweden	0.91	Latvia	0.10
Denmark	0.71	Estonia	0.08
Ireland	0.71	The sum of 3SI countries	4.04
Greece	0.51		
Finland	0.51		
Portugal	0.44		
Luxembourg	0.29		
Cyprus	0.09		
Malta	0.09		

Source: *Own study on the grounds of IMF Members' Quotas and Voting Power, and IMF Board of Governors, 2020.*

Table 2. *The 3SI countries in the International Monetary Fund*

Countries	Date of joining the IMF	The amounts paid – (value of the first paid amount) in million SDR*	Amounts paid as of beginning membership in the IMF	The IMF's currency accounts due to a given country in million SDR**	Active loans from the IMF	HIPC, MDRI, CCRT ***	The number of votes	Percentage of votes
Austria	27.08.1948	3,932 (50)	11	3,304.5	-	-	40,785	0.81
Bulgaria	25.09.1990	896.3 (310)	4	798.18	-	-	10,428	0.21
Croatia	14.12.1992	717.4 (180.1)	4	717.11	-	-	8,639	0.17
The Czech Republic	01.01.1993	2,180.2 (589.6)	4	1,768.2	-	-	23,267	0.46
Estonia	26.05.1992	243.6	5	201.04	-	-	3,901	0.08

Lithuania	29.04.1992	441.6	5	395.58	-	-	5,881	0.12
Latvia	19.05.1992	332.3	5	332.25	-	-	4,788	0.10
Poland	12.06.1986	4,095.4	6	3,461.31	-	-	42,419	0.84
Romania	15.12.1972	1,811.4	7	1,811.4	-	-	19,579	0.39
Slovakia	01.01.1993	1,001.00	4	804.97	-	-	11,475	0.23
Slovenia	14.12.1992	586.5	5	476.56	-	-	7,330	0.15
Hungary	06.05.1982	1,940.00	5	1,640.76	-	-	20,865	0.41

Notes: **Member quotas mean quotas and contingents. Member countries must pay their subscription of the amounts in full after joining the IMF. Other increases are possible only upon the country's consent and making payments to the IMF. Before 1972 the amounts were denominated in USD. **Currency resources of the IMF are the resources available to the IMF on the IMF's account no. 1, account no. 2 and the securities account in deposits determined by its member countries. Currency resources are obtained because of amount payments made by the members and transactions conducted between the IMF and the members. ***HIPC, Multilateral Debt Relief Initiative, Catastrophe Containment and Relief Trust (CCRT), previously Post-Catastrophe Debt Relief Trust.*
Source: *IMF Members' Quotas and Voting Power, and IMF Board of Governors, 2020.*

Table 3. *The 3SI countries in the International Monetary Fund*

Countries	Outstanding payments	Payments planned in 2020 in SDR	Payments planned in 2021 in SDR	Payments planned in 2022 in SDR	Payments planned in 2023 in SDR	Payments planned in 2024 in SDR
Austria	-	0.31	0.40	0.40	0.40	0.40
Bulgaria	-	0.01	0.01	0.01	0.01	0.01
Croatia	-	0.24	0.32	0.32	0.32	0.32
The Czech Republic	-	1.78	2.37	2.37	2.37	2.37
Estonia	-	0.21	0.27	0.27	0.27	0.27
Lithuania	-	0	0	0	0	0
Latvia	-	0	0	0	0	0
Poland	-	5.55	7.41	7.41	7.41	7.41
Romania	-	0.02	0.02	0.02	0.02	0.02
Slovakia	-	0.15	0.19	0.19	0.19	0.19
Slovenia	-	0.09	0.12	0.12	0.12	0.12
Hungary	-	5.41	7.22	7.22	7.22	7.23

Source: *Austria, 2020; Bulgaria, 2020; the Republic of Croatia, 2020; the Czech Republic, 2020; the Republic of Estonia, 2020; the Republic of Lithuania, 2020; the Republic of Latvia, 2020; the Republic of Poland, 2020; Romania, 2020; the Slovak Republic, 2020; the Republic of Slovenia, 2020; Hungary, 2020.*

5. Security of the 3SI Countries from the Perspective of the IMF since the SARS-CoV-2 Pandemic

In 2020, due to the economic crisis resulting from the global pandemic SARS-CoV-2, many countries from all continents turned to the IMF for financial assistance to counteract negative effects of pandemic and to improve their economic security. According to the title of the financial report of the IMF, "Exceptional Times Exceptional Action", that kind of action was needed (IMF. Global Policy Agenda 2020. Spring Meetings. Exceptional Times Exceptional Action, 2020). The IMF focused on providing financing for members' balance of payments needs in an accelerated way, including through its rapid-disbursing lending tools.

Going beyond its traditional lending facilities, the IMF worked on a short-term liquidity line providing predictable and renewable access to the IMF's resources to members with extraordinarily strong adjustment policies. It has also reformed the CCRT to provide debt service relief to the poorest members and raise funds to this purpose. The IMF assumes that due to this reform the countries will be able to react to the crisis instead more flexibly of spending the resources on repayment of liabilities towards creditors. It was decided to suspend debt service payments of the poorest member countries for a certain period, forbearance was granted, and private sector creditors were encouraged to participate on comparable terms.

The main area of the IMF's interest comprised the situation in the financial market on a global scale. Prices of risky assets decreased dramatically, and costs of external financing increased, especially on risky credit markets.

According to the IMF's research, emerging markets experienced the largest shocks in cash flows in history, to a great extent lost the possibilities of external debt financing, which may lead to the necessity to restructure debt. On a global scale in the period between March and September 2020 as many as 80 countries received financial assistance from the IMF in the amount of 63 billion 891.3 million SDR (an equivalent of 87 billion 870.83 million USD). Among them there were 6 European countries (Albania, Bosnia and Herzegovina, Kosovo, Moldavia, Montenegro, North Macedonia, and Ukraine), therefore, no member countries of the 3SI were included (IMF. COVID-19 Financial Assistance and Debt Service Relief, 2020). It proves stronger resilience of these countries to the economic crisis and higher level of their financial security.

3SI countries remained in contact with the IMF, cooperating and conducting research in selected areas, such as e.g., the issue of economic inequality, poverty and social security in Bulgaria, macro-prudential practices of borrowers in Slovakia, global value chains and productivity in Estonia (Hallaert, 2020; Tereanu, Gross, and Klacso, 2020; Banh, Wingender, and Gueye, 2020). In the case of Poland, the cooperation focused on the IMF's technical support in preparing the reform of the budget system and especially standardization of accounts and budget forecasting over the medium-term. It was prepared before the pandemic (Clerck *et al.,* 2020). Taking into consideration the growing indebtedness of the country in the times of the crisis and comparisons in the scope of the pandemic's results in various countries, continuing preparations to the reform was justified.

Furthermore, in 2020 the IMF planned to assess the financial systems of 12 countries, including the Latvian financial system, upon request of those countries. This assessment allowed to specify weaknesses and immunize the financial system against turmoil. The IMF considers features of financial systems specific for a given country and adjusts its analysis to the needs of each member considering the analytical grounds, occurring threats and the level of financial system's integration with the international system. In the case of Latvia, country authorities reported the need for support from the IMF, since Latvia is a small, yet open economy at a risk of external shocks. Its financial sector is undergoing a transformation motivated by counteracting activities related to money laundering and establishing the framework of supervision in this area.

Preliminary controls showed weaknesses in the banking segment concerning non-residents of Latvia. A direct risk to Latvia's security consists in including it in the grey list of the Financial Action Task Force due to the shortcomings in the scope of the framework concerning counteracting money laundering and terrorism financing. Changing the business model and increasing its efficiency is a challenge for the banking sector. Weaknesses also include issues related to valuation of bank assets and insufficient provisions securing the system. Because over 60% of Latvia's banking system is connected to Nordic institutions, Latvia may suffer heavily from adjustments on the real estate market in the region.

The IMF's assistance covers adjusting the framework of the financial system supervision with a particular consideration of recent progress in the scope of counteracting money laundering and terrorism financing (IMF, Countries in the IMF Financial Spotlight in 2020, 2020).

The area of the IMF's interest in Lithuania is special support in implementation of reforms in the public banking sector, which is charged with government guarantees and thus, constitutes a significant financial risk. To minimize this risk each decision on using public banks to achieve social objectives is to be preceded with a strict, versatile, and transparent analysis of consequences for public finances. Moreover, to maintain financial stability, assistance programs should be properly and transparently financed through the agency of public banks and the government should be ready for their periodical recapitalization. It was also stated that it is necessary to create incentives for effective management of the sector, solid regulations, and supervision, independent of political influence (IMF, Countries in the IMF Financial Spotlight in 2020, 2020).

In July 2020 Lithuanian authorities together with the IMF assessed the financial system of the country in the context of economic effects of the global pandemic SARS-CoV-2. It was stated that recession will be deeper in 2020, and the recovery will be slower in 2021 than expected in April 2020. Simultaneously, it was underlined that Lithuania has not suffered as much as other countries in Europe and that consequences for the economy will probably be smaller than in the times of the global financial crisis in 2007. In 2020 Lithuania mainly benefited from assistance provided by the European Central Bank, but it also undertook its own measures such as supporting households and enterprises, and re-orientation of using financial resources.

It was stressed that due to the membership in the Eurozone and proper fiscal measures, a fast reaction was possible when the crisis came. Irrespective of economic consequences of the pandemic, it is planned to establish the National Development Bank. It would decrease concentration of the sector (in 2020 the largest Lithuanian banks represented approximately 75% of assets), improve competition which is especially important in the fintech sector and increase the access of small- and medium-sized enterprises to external financing. Additional objective of the bank is to mitigate the issue of cyclicity of the banking sector and banks' incapacity to ensure enough credits in the period of the economic decline.

6. Summary

In the contemporary world the threats to the economic security of many countries increase together with the strengthening of globalization processes (Dudin *et al.*, 2018). It was expressly visible during the Asian crisis at the end of the 90s of the 20th century the financial crisis in the United States in 2007, Greece indebtedness crisis after 2009 or during the SARS-CoV-2 pandemic in 2020. Furthermore, it is not possible to separate issues of economic security from international or national security, as well as from such areas as: energy, food, and health security, as well as access to water, technological-innovative development, living standards of people in each country and neighbouring countries, or the possibility of import substitution (Proniewski and Zielińska, 2019).

It should also be stated that ensuring economic security dramatically depends on the level of a country's integration with the world economy (Thalassinos and Thalassinos, 2006; Dudin *et al.*, 2019) through the possibility of trade mobilizing investment funds or financial security in the times of crisis. It means that the country's security depends on its membership in international organizations, both global and regional.

The most important task of the IMF in the 3SI countries is to grant loans to maintain the economic stability and prevent actual or potential problems with the balance of payments. Such loans were granted sporadically, and, in practice, a small part thereof was used. They were intended as additional security buffer in the case of more severe threats to the economic security. The low level of financial cooperation primarily resulted from the good economic situation of the countries and, above all, from the small share of the 3SI countries in the capital paid to the IMF, which translates into the number of resources possible to be obtained and the number and percentage of votes during the decision making at the IMF. Whereas, the IMF actively cooperated with countries' governments to draft and implement reforms of their economic policies, including the area of their finances.

Due to the membership of the 3SI countries to the IMF these countries obtained confirmation of participation in the international financial system, which was influential in their accession to the IMF that is several decades ago. Nowadays, their membership in the IMF is still necessary, however, practical impact on the economic security is limited. However, due to the economic crisis resulting from the global pandemic SARS-CoV-2 in 2020, many countries from all continents turned to the IMF for financial assistance to counteract the adverse effects of the pandemic and to improve their economic security. According to the title of the IMF's financial report, "Exceptional Times Exceptional Action," that kind of action was needed. The IMF focused on providing financing for members' balance of payments needs in an accelerated way, including through its rapid-disbursing lending tools. Going beyond its traditional lending facilities, the IMF worked on a short-term liquidity line providing predictable and renewable access to the IMF's resources to members with robust adjustment policies. It has also reformed the CCRT to provide debt service relief to the poorest members and raise funds for this purpose.

The main area of the IMF's interest comprised the financial market situation on a global scale.

3SI countries remained in contact with the IMF, cooperating and conducting research in selected areas, such as, e.g., the issue of economic inequality, poverty and social security in Bulgaria, macro-prudential practices of borrowers in Slovakia, global value chains and productivity in Estonia. In Poland's case, the cooperation focused on the IMF's technical support in preparing the reform of the budget system and especially standardization of accounts and budget forecasting over the medium-term. It was prepared before the pandemic.

Furthermore, in 2020 the IMF planned to assess the financial systems of 12 countries, including the Latvian financial system, upon request of those countries. In Latvia's case, country authorities reported the need for support from the IMF. The IMF's assistance covers adjusting the financial system supervision framework with consideration of recent progress in the scope of counteracting money laundering and terrorism financing.

The area of the IMF's interest in Lithuania is exceptional support in implementing reforms in the public banking sector, which is charged with government guarantees and thus, constitutes a significant financial risk. In July 2020, Lithuanian authorities and the IMF assessed the country's financial system in the context of the economic effects of the global pandemic SARS-CoV-2.

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