

# THE BUCHAREST UNIVERSITY OF ECONOMIC STUDIES



Doctoral School International Business and Economics

## PhD Thesis

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Title of the PhD Thesis:

THE ROLE AND BEHAVIOR OF STATES AND MULTINATIONALS IN THE GLOBAL  
ECONOMIC WARFARE

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**Bucharest, 2026**

**THE BUCHAREST UNIVERSITY OF ECONOMIC STUDIES**

**Council for Doctoral Studies**

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**THE ROLE AND BEHAVIOR OF STATES AND MULTINATIONALS IN THE  
GLOBAL ECONOMIC WARFARE**

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**Bucharest, 2026**

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## Summary

The paper “*The Role and Behavior of States and Multinationals in the Global Economic Warfare*” aims to address a topic of utmost importance in the context of the renewal of competition between Great Powers and the transition of the international economic and/or political system to a multipolar paradigm that intensifies competition, even among regional powers. Although the war in Ukraine demonstrates to us the viability of a conventional approach to the conflict (in parallel, of course, with hybrid actions such as cyber-attacks, propaganda, disinformation, economic warfare, legal warfare, etc.), this is the exception, not the rule. The reason is related to the very high costs of attrition in a war between similar competitors (“*peer powers*”), the risk of intervention by foreign powers (also observed in the Ukrainian case) and modern demographic limitations. Additionally, the risks and uncertainties intrinsic to direct military confrontation, coupled with the exceptionally high costs associated with contemporary munitions and weapon systems, underscore significant strategic constraints. These challenges are further compounded by the structural limitations of modern peacetime economies (predominantly oriented toward service sectors) which hamper the development of a fully domestic capacity to replenish or replace essential military materiel (unlike the industrial economies of the total wars of the first half of the 20<sup>th</sup> century).

In this context, the competition between states in the anarchic system of international relations (in the classical sense of the realist school but also in the pragmatic sense considering recent developments) is characterized by the use of hybrid means, of which the conventional side is only a certain component, which is eventually used in a limited manner, with clearly established rules and red lines, and perhaps with the help of proxy forces to allow for denial of involvement. Conversely, another form of hybrid strategy is economic warfare, which entails the deployment of all available instruments to undermine, impair, or dismantle an adversary’s economic capacity. This may occur comprehensively or be confined to specific sectors such as technological innovation, the development of economies of scale, economic internationalization, and other strategic domains.

The working hypothesis of this doctoral thesis lies in the importance of multinationals in economic warfare at a global level and the need to coordinate the relationship between the States and these entities. Multinational companies can be both a target and a means of implementation for economic warfare, through the role they play in key industries, through their scope, through their multiple functions that require the development of strategic administrative, economic and technological capabilities for the interest of states. Multinational companies, whether public or private, can be mobilized through various means in order to serve as part of strategic initiatives of States and as part of the economic warfare toolkit, yet they must be helped to develop and must be protected from the impact of economic warfare waged by others.

The comprehensive analysis of multinational corporations provides a general framework and a systemic perspective on their typologies and functions, the reasons behind their emergence as dominant actors in the global economy, the disadvantages they face, as well as the adverse effects they may impose on others. It also highlights their significance in the strategic calculations of states and the role of technology in shaping competition among multinationals and in reinforcing their strategic relevance for national interests and initiatives. Subsequently, the research findings were applied to the energy industry to emphasize the strategic options available to multinational corporations in this sector, as well as the influence of their political, economic, and security environments on decisions related to organizational structure and the outsourcing of functions.

Within this paper, a case study from the oil industry was chosen, namely the National Iranian Oil Company (NIOC) and the Arab American Oil Company (ARAMCO) of Saudi Arabia, in order to illustrate different approaches to economic warfare. At the same time, the paper indicates the main research directions on the oil industry, an important factor of economic growth. In the early 20th century, the strategic importance of oil increased with the advent of the internal combustion engine and World War One. Western powers, particularly Britain and the United States, sought to obtain oil from the Middle East to fuel their industries and armies, often at the expense of local sovereignty. The evolution of oil in the Middle East from 1900 to 2023 indicates an evolution from colonial exploitation to national control, with Saudi ARAMCO and NIOC as representative examples. The approaches differ in the context of the countries' geopolitical advantages: their international situation, with Saudi Arabia being a member with free full participation of the international community, and Iran being semi-isolated diplomatically and commercially; but also of the global economic situation, with Iran being under an extensive sanctions system imposed by the US and not being a member of the World Trade Organization (WTO), while Saudi Arabia is a privileged economic player and a member of the WTO. Ultimately, these primary aspects produce notable differences in the use of the two multinational companies as part of the global economic war.

***Keywords: Multinationals, Oil, Economic War, Sanctions, Competition, Middle East, ARAMCO, NIOC***